

صحة من الاصل

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

BATMAN Crusader returns as Gotham trembles Page 3

Table with exchange rates for various countries including Australia, Bahrain, Belgium, etc.

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World News

Business Summary

Indian MPs try to force Gandhi to early poll

Most opposition members will resign their seats in the Lower House of India's Parliament today to try to force the Government to call an early election on the issue of corruption.

US spy inquiry

Felix Bloch, the most senior US State Department official ever suspected of espionage, may have begun working for the Soviet KGB more than a decade ago.

Andreotti sworn in

Italy's 49th post-war government headed by Mr Giulio Andreotti was sworn in after a power struggle over ministerial jobs inside the dominant Christian Democrat Party.

Likud agrees pact

Israel's Labour Party and Likud agreed a compromise on peace proposals for the occupied territories, removing a threat to the coalition partnership.

Tanker shelled

Syrian gunners shelled a Greek oil tanker and set it on fire as it attempted to run the blockade of Lebanon's Christian enclave.

Peace talks to start

Peace talks are due to start this week in Paris between the main parties to the Cambodia dispute, with the possibility of France hosting a full international conference on July 30.

Pollution fleet

More than 100 fishing boats and pleasure craft chugged up the waters along Italy's Adriatic coast in a desperate attempt to disperse slimy algae killing fish and scaring tourists.

Moi to mediate

Efforts to end the war in Mozambique gathered momentum at the weekend with the announcement by President Joaquim Chissano that he had appointed President Daniel arap Moi of Kenya as mediator.

Hungarian poll result

Prospects for the Hungarian Communist Party having to surrender power next year have increased after a by-election victory by an opposition candidate.

Bengal tidal surge

At least 50 people were feared drowned after a tidal surge, apparently caused by an underwater tremor, swept three Bangladeshi islands in the Bay of Bengal and several coastal villages.

1m Israelis strike

One million Israelis staged a two-hour general strike in protest at the worst unemployment in 20 years as the cabinet debated measures to revive an economy stricken by the Palestinian uprising.

Rangoon crackdown

The military regime in Burma said it had set up five military tribunals in the capital Rangoon to try people accused of violating martial law regulations.

Students bombed

An incendiary bomb destroyed the headquarters of a Honduran right-wing student organisation - the latest incident in a wave of bombings and killings.

Talvela dies

Finnish opera singer Martti Talvela, one of the world's foremost basses, died aged 64 after a sudden illness.

American wins Open

American Mark Calcavecchia won the first three-man play-off in the history of the British Open golf championship to snatch the title from Australians Greg Norman and Wayne Grady at Royal Troon, Scotland.

Scitex tries to block agreed sale of Crosfield

SCITEX, Israel-based company which is 27 per cent owned by Mr Robert Maxwell, is battling on with an attempt to halt the agreed sale of Crosfield Electronics, printing technology subsidiary of De La Rue, the bank note printer, by saying it is prepared to offer between £265m and £266m (\$405m-£24m) for the business.

EUROPEAN Monetary System

The Bank of Italy is likely to sell lira in the D-Mark tests support at 1722 on Friday it closed at 1722.26 from 1725.7 the week before. The lira has improved against the D-Mark despite a weaker dollar, which usually benefits the D-Mark more than any other EMS currency.

However, the Italian unit is currently underpinned by high seasonal capital inflows. In addition, rapid expansion in money supply growth is likely to keep interest rates high.

The Spanish peseta and Portuguese escudo are not included in the table below because neither has a weighting in the European currency unit basket until new weightings are introduced on September 20.

EMS Jul 21, 1989



ECU DIVERGENCE



The chart shows the two constraints on European Monetary System rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira and the Spanish peseta) may move more than 2 1/2 per cent.

The lower chart gives each currency's divergence from the 'central rate' against the European Currency Unit (ECU), a basket of European currencies.

MICHEL Gaucher, Quebec entrepreneur, and the Quebec Caisse de Depot, which manages Quebec's public pension plan, look set to succeed with their \$1.1bn bid for Steinberg, Canadian retail and property group.

TAX: The Bush Administration is increasingly confident of winning this week its long and bruising battle with the Democrat-controlled Congress over proposals to cut capital gains tax.

ESCORTS, Delhi-based heavy engineering company, has set up a joint venture with Herionwerke of West Germany to manufacture pneumatic equipment.

EMS-Chemie, Swiss chemical group, reports strong growth in profits and turnover for the first half of 1989.

TECK Corp and its associate Cominco plan to pay \$2.5bn (\$29.8m) for 19 per cent of a small gold-mining company, Am Resources.

TRADE: The European Community lacks the legal authority to impose greater restrictions on imports and could not become a trade fortress after 1992 even if it wanted to, according to Mr Johannes-Friedrich Bessler, a senior Commission trade official.

INSURANCE companies are attempting to circumvent California's Proposition 103 regulations which would force them to out substantially premiums on motor and property insurance policies by filing 'bogus claims', according to the State Attorney General.

EASTERN Air Lines' creditors, except two, have agreed to its plans, filed in bankruptcy court on Friday, to repay its \$2.5bn of debts in full with interest.

OIL: A 50 per cent shareholding in Nynas Petroleum held by the Axel Jonsson group of Sweden and the Swedish Investment Bank is to be acquired by Neste, Finnish national oil company.

Gorbachev appeals directly to miners for return to work

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev yesterday laid his personal authority on the line with a direct appeal to the Soviet Union's striking miners to go back to work.

His appeal came as an extraordinary division opened in the highest ranks of the ruling Communist Party. Full texts of last week's meeting of Communist Party first secretaries revealed that Mr Nikolai Ryzhkov, the Soviet Prime Minister and increasingly seen as one of Mr Gorbachev's closest confidantes, launched an outspoken attack on Mr Yegor Ligachev, the most powerful conservative in the party.

Mr Ligachev retaliated with a demand for the reimposition of party discipline, and sweeping criticism of the Soviet press. He also suggested that Mr Gorbachev's nationwide television appeal for ethnic calm three weeks ago had been a wasted gesture.

With political tension in the country rising, fresh confirmation came at the weekend of Mr Gorbachev's determination to press ahead with a purge of conservative officials in top party posts. A second major city leader, Mr Konstantin Masik, the party boss in Kiev, was dismissed.

The Soviet leader returned to the television screens yesterday with a highly personal appeal to the striking miners.

"The workers are taking matters into their own hands thoroughly, and this inspires me greatly," he declared, "notwithstanding the drama of the events."

Mr Gorbachev appears to have timed his intervention with care, while still taking a calculated risk although more miners went back to work over the weekend after major concessions by the state were promised, he faces a personal rebuff if others refuse to end their strikes.

He is now over more clearly using the upsurge in popular unrest to raise the pressure on his own party bureaucracy. He denounced local party leaders who had failed to deal with the industry's problems.

"Some comrades have no live connection with the masses," he said. "That is in part why simple questions have not been decided. But workers will no longer stand for this."

The same theme was seized by Mr Ryzhkov in his speech to the party meeting last week, when he savaged the whole party organisation for losing touch with the Soviet people.

He blamed "serious mistakes in ideology by the Central Committee party secretary" for the "growing de-ideologisation of society."

The attack could be taken as criticism of Mr Vadim Medvedev, the new ideology secretary, but can also be seen as an attack on Mr Ligachev, who was previously responsible.

Mr Ryzhkov rapped the point home when he declared that it was "not acceptable that two Politburo members are dealing with agriculture" - one of whom is Mr Ligachev.

He also warned that the new Supreme Soviet and Congress of Deputies would not take direct orders from the ruling party "if the party does not find a way out of this situation, it might lose its influence in government," he said.

Mr Ligachev had already denounced any suggestion that the party should be subordinate to the elected soviets.

The bitterness in the highest ranks of the party was clear in Mr Ligachev's dramatic appeal to the nation over the renewed outbreak of race riots.

"Only recently the General Secretary spoke on television on questions linked to inter-ethnic relations," he said. "The answers in certain areas were more clashes, people's deaths."

"It is not proof that we are not active enough in realisation of absolutely correct directives of the Central Committee?"

Riding the tiger, Page 19

Amstrad seeks revival through fax machines

By Terry Dodsworth, Industrial Editor, in London

AMSTRAD, the UK consumer electronics group, plans to start manufacturing fax machines later this year in an attempt to revive its flagging fortunes after a series of problems in its personal computer division.

The company's shares are expected to come under renewed pressure today following a decision to recall 7,000 of its PC2000 computers, the top of the range machines launched last year as Amstrad's spearhead into the business computing sector.

Mr Alan Sugar, Amstrad's irrepresable chairman, conceded yesterday that the company had tripped up in its campaign to challenge international Business Machines in the personal computer industry. He said changes in the recalled machines, along with a relaunch for the range in September, at a quarter of IBM prices for equivalent products, would put the company back on a growth track.

Mr Sugar refused to confirm Amstrad's entry into the fast-growing facsimile machine market, but this is understood to be one of several steps the company is taking to reinforce its position following a year of mounting difficulties.

Among these moves will be the launch of a stand-alone television and an attempt to team up with STC, the UK telecommunications group, to bid for one of the British Government's new personal communications telephone (PCN) licences. The PCNs are expected to be extremely valuable in the latter half of the next decade.

Mr Sugar said yesterday that Amstrad had not yet reached a definite agreement with STC, which is planning to bid for a licence in collaboration with US West, a big American telephone operating company. Mr Sugar said Amstrad would be keen to offer for its expertise both in marketing and hardware procurement to a joint venture.

Although Amstrad's results for the year to the end of June are not due until October, analysts have recently downgraded their profits forecasts sharply to around £110m (£177m) because of the launch problems encountered with the PC2000. The share price is currently close to its low point for the last 12 months at 76p.

The company said yesterday that the PCN licence with the computer range centred on a specially designed chip in its hard disk controller unit. This would be replaced in the recall programme at a cost estimated by Mr Sugar at around \$900,000.



Takako Doi, chairman of the Japan Socialist Party, the leading opposition victor. "This is a new dawn in Japanese politics."

Japan's ruling LDP in big poll defeat

By Stefan Wagstyl in Tokyo

JAPAN'S ruling Liberal Democratic Party last night conceded defeat in national elections held yesterday, admitting to its biggest electoral failure in more than 30 years.

The result in the election for the Upper House of the Diet (Parliament) prompted calls from some party members for the immediate resignation of Mr Sousei Uno, the Prime Minister. Opposition parties demanded an early general election.

While the count will not be completed until today, computer projections last night indicated that the LDP would lose its overall majority in the Upper House for the first time since it was founded in 1955 and that the opposition Japan Socialist Party would record its greatest electoral triumph.

The LDP will retain control of the Government through its majority of the Lower House, the more powerful chamber. However, the scale of the opposition parties' victory will greatly limit the LDP's ability to manage parliamentary business, and it will sap morale.

"This is a new dawn in Japanese politics," Miss Takako Doi, the JSP chairman, said last night.

Mr Ryutaro Hashimoto, secretary-general of the LDP, conceded defeat, said he was very disappointed and commended the JSP's success.

Mr Zenko Suzuki, a former Prime Minister, said it was the worst crisis in LDP history and called on Mr Uno to resign.

Half of the 252 seats in the Upper House were at stake. The LDP held 69 and had to retain 54 to maintain its majority. By late last night, it had 28 and the opposition parties 69.

NHK, the national television station, forecast that the LDP would retain only about 36 of the seats up for election.

The JSP was the clear leader among the opposition parties, with 57 seats secured. Miss Doi said a great responsibility rested on the party's shoulders.

Rengo, a non-party trade union organisation which co-operated with the JSP, also did well, with 11 out of its 12 candidates elected.

A total of 76 seats were being decided on the basis of polling in separate constituencies. The remaining 50 were being allocated on Page 20.

Editorial Comment, Page 18

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Disciplinary steps likely after report criticising NatWest

By Barry Riley in London

A SERIES of disciplinary measures over County NatWest's handling of Blue Arrow's failed rights issue in 1987 are likely within the next few days following a weekend of emergency meetings of banking and securities market regulators.

The meetings came in the wake of the damaging Department of Trade and Industry inspectors' report on role played by County NatWest, the investment banking arm of National Westminster Bank.

Directors of National Westminster Bank held a crisis board meeting last night at the bank's headquarters in the City of London. They discussed the possible responses which NatWest could make, amid widespread calls for heads to roll.

The key regulatory bodies involved, the Bank of England and the Securities Association, are anxious that their disciplinary moves, to be made under different legislation, should be co-ordinated.

A meeting of officials from the Bank and TSA late last Friday was also attended by representatives of the Securities and Investments Board, the overall investment industry watchdog body which mainly acts indirectly through self-regulatory organisations such as TSA.

The regulators are understood to be anxious to ensure there are channels for exchanging information, and that problems will not arise from different timetables.

The Bank has statutory authority under the Banking Act to decide that individuals or firms are no longer fit and proper. In addition, the Bank has the position of lead regulator for the NatWest group.

However, it must co-ordinate with TSA, which gains its powers separately through the Financial Services Act.

TSA is responsible for authorising County NatWest Securities and also UBS Phillips & Drew, the stockbroker which acted for Blue Arrow in the controversial failed share placing.

There are slightly different definitions of fitness and propriety in the two pieces of legislation. And whereas the Bank has used its powers before, for instance at Morgan Grenfell as a result of the Guinness affair, TSA is thought never to have struck off registered individuals in the 15 months or so since its rulebook came into force.

Continued on Page 20

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OVERSEAS NEWS

UK ministers weigh Hawk sales to Iraq

By Andrew Gowers, Middle East Editor

A UK Cabinet committee will debate on Thursday whether to approve the possible sale of more than 50 Hawk trainer jets to Iraq in what has become a test of British policy on arms exports to the Gulf war combatants.

The possible deal, which British Aerospace has been discussing with Baghdad, is strongly supported by the Ministry of Defence and the Department of Trade and Industry on the grounds that it represents an opportunity for the British arms industry to make inroads into a market which has been something of a French preserve.

But the Foreign Office is understood to have serious reservations concerning the likely reaction of other countries in the region - not least Iraq's Gulf war opponent Iran, with which Britain would eventually like to restore diplomatic relations. There is also some anxiety in Whitehall about public reaction, in view of Iraq's poor human rights record and the continuing controversy about Iraqi treatment of its Kurdish minority.

British Aerospace's Hawk is in competition for the sale - which could be worth well in excess of £300m - with the Franco-German Alpha jet produced by Dassault and Dornier. The company sees the Iraqi contract as a crucial part of the global battle between the Hawk and the Alpha, which the Hawk appears to be win-

Shelling overshadows Paris talks on Cambodia

By Roger Matthews in Bangkok

PEACE talks are scheduled to open this week in Paris between the main parties to the Cambodia dispute, with the possibility of France hosting a full international conference on July 30.

The initial talks today will be between Hun Sen, Prime Minister of the Vietnamese-installed regime in Phnom Penh, and Prince Norodom Sihanouk, the leader of the Cambodian resistance coalition, which also includes the forces of former Prime Minister Son Sann and the Khmer Rouge, which under Pol Pot was estimated to have slaughtered up to 1m people between 1975 and the Vietnamese invasion in 1979.

Prince Sihanouk said within a four-day period earlier this month both that he believed the talks would be successful and that they were bound to end in failure.

Yesterday's omens did not seem promising, following an artillery attack on a Khmer Rouge-controlled Cambodian refugee camp, known as Site 8 and just inside the Thai border, which caused several deaths and many more injuries and forced over 30,000 people to flee.

There seemed little doubt that the shells were aimed, though by whom was a matter for speculation. But it did seem likely that the perpetrators were not keen for the Paris talks to succeed.

Vietnam has pledged to withdraw its remaining troops from Cambodia, estimated at between 40,000 and 50,000 men, by the end of September. The talks in Paris will be aimed at finding a power-sharing formula between the warring sides as a means for verifying that all Vietnamese troops have gone



A Cambodian refugee caught up in the shelling of the Khmer Rouge camp in Thailand

home and have not merely changed into Cambodian uniforms.

There are considerable problems over both issues. Hun Sen and the Vietnamese would

obviously like political control to remain largely in the same hands but are prepared for Prince Sihanouk to become head of state. The Prince would prefer a French-style constitution and is insisting on

elections, from which he is confident he would emerge triumphant.

Prince Sihanouk is also demanding that a United Nations force should supervise

the Vietnamese withdrawal, a suggestion opposed by Hun Sen and Hanoi. Verification would anyway be extremely difficult, given the wildness of the terrain.

Even if all these issues could be resolved there remains the intractable problem of the Khmer Rouge, the largest guerrilla force opposing the Vietnamese and Hun Sen, which continues to receive substantial arms shipments from China.

Nominally, the resistance movement says the Khmer Rouge will have to be part of the power-sharing arrangement, arguing that to leave it outside would be politically and militarily fatal. Others believe that to allow the Khmer Rouge back in any form would be courting disaster.

But should some progress be made initially by Prince Sihanouk and Hun Sen, and the progress not to be sabotaged subsequently by Son Sann or the Khmer Rouge delegations, then the wider conference scheduled for the end of the month could provide the necessary international endorsement for whatever agreements have been reached.

Those expected to attend the international conference include the Association of South East Asian Nations (Indonesia, Thailand, Malaysia, Philippines, Brunei and Singapore), the five permanent members of the Security Council, plus India, Japan, Canada and Australia.

But should the talks fail, and the Vietnamese make good their pledge to withdraw fully, never to return, the dangers of a further round of fighting would markedly increase.

Burmese tribunals to enforce martial law

By Roger Matthews

THE military regime in Burma said yesterday that it had set up five military tribunals in the capital Rangoon to try people accused of violating martial law regulations.

The tribunals, each headed by a Lieutenant-Colonel and assisted by two junior officers, may impose the death sentence which need only be confirmed by the local regional commander before being carried out.

The minimum sentence which can be passed by the tribunals is a three-year jail term. The tribunal can decide whether it wishes to hear witnesses but can decide against it if there is a "strong case" that an offence has been committed.

The introduction of summary military trials is the latest in a series of measures taken by the regime to stifle political dissent which had been emerging strongly for the first time since thousands of pro-democracy demonstrators were shot and wounded by troops last September.

Aung San Suu Kyi and General Tin Oo, the two leaders of the National League for Democracy, the most prominent opposition party, were placed under house arrest last Thursday.

The two opposition leaders have been accused of labelling the regime fascist

Greek Cypriot protestors accuse Turks of brutality

By Andreas Hadjipapas in Nicosia

SIX young Greek Cypriot women released from prison in the Turkish Cypriot sector said yesterday they had been brutally treated and molested by the Turks during their four days of detention.

Their stories are likely to inflame sectarian passions on the divided island and placed in doubt the resumption of United Nations sponsored peace talks aimed at unifying the island.

The released women were among 108 Greek Cypriots, most of them women, released by the Turks on Wednesday night after they stormed the UN patrol green line dividing Nicosia to protest against the continuing occupation of 77 per cent of Cyprus by Turkish troops.

Earlier yesterday a court in the Turkish Cypriot sector jailed 92 women and 10 men who were convicted of violat-

Chinese businessmen attacked

CHINA has accused private businessmen of evading taxes and exploiting female workers in what diplomats saw as a move to court public opinion after the military crackdown on pro-democracy protests.

The People's Daily said yesterday that the businessmen were the richest people in China, driving private cars, sporting luxury watches and dressing their wives in expensive outfits and jewellery.

But it said an investigation of Peking's 100,000 private businessmen revealed that at least 10 per cent of their income was illegal and evasion of tax and under-reporting of earnings was widespread.

It said some of their profits came from employing peasant girls from the countryside because they could pay them the lowest wages.

Banned for much of the Maoist period until 1976, private business boomed under introduced by leader Deng Xiaoping since 1978. According to official figures, China has more than 14m private enterprises - many of them one-man operations.

The People's Daily said the average annual income of a Peking businessman in the food business was 15,321 yuan (£2,535), seven times more than workers in state food outlets and nearly 10 times more than the average official.

A Western diplomat said that the Communist Party was trying to restore its prestige among people in cities who know of the military suppression of student-led protests on June 4.

Japan in plan for brain drain to Spain

By Stefan Wagstyl in Tokyo

JAPAN is planning to establish a colony of retired egg-heads on the coast of Spain between Barcelona and the resort of Lloret de Mar, beloved of British holidaymakers.

The scheme is a greatly-modified version of a controversial plan launched three years ago to investigate building homes for Japanese pensioners in sunny spots overseas. Japan was then accused of proposing to export thousands of pensioners in the wake of its success with cars, TVs and other goods.

Sensitive to this criticism, the consortium behind the Spanish project says it is looking for young retirees able to put more into the community than they take out of it. Mr Yu Yamauchi, the chairman, said he was looking for people aged 40 to 65 who were experts in their field.

A knowledge of judo or Japanese cooking would not be enough, he said. "We

want people who are presidents of companies. PhDs. A professor of Tokyo University would be ideal."

Mr Yamauchi says he has 500 applicants, but would select only those with enough skills and enough money to be financially independent.

The consortium is planning to build homes for about 50 people in time for the 1992 Olympics in Barcelona. If the scheme is a success, more homes could be built on the site near the village of Canet de Mar.

The Ministry for International Trade and Industry (MITI), which sponsored the original project for housing pensioners overseas - code-named Silver Columbia - is keeping an eye on the present scheme.

But it is primarily the work of a consortium called Japan Technical Experts Association in Europe and made up of private

companies, including Toshiba, the electrical group, Nichimen, the trading company, and Japan Travel Bureau, a travel agency.

The scheme could turn into a pilot study for other larger projects, which various Japanese companies are considering building in Australia, Brazil and elsewhere.

Miti's original plan was to build permanent homes for thousands of Japanese old people to accommodate them more cheaply and more comfortably overseas than at home. But opinion polls showed that people were more interested in living abroad temporarily, for a few years, than for the rest of their lives.

They were also keen to make frequent trips back to Japan. These considerations mean that schemes are likely to be restricted to relatively young wealthy people who would probably expect to return to Japan after a few years of living abroad.

Reports reaching Bangkok yesterday suggested that widespread arrests were taking place, but detailed information is difficult to obtain because the regime has cut telephone and telex links with the outside world.

Last week the regime ordered parents to fill out forms detailing the whereabouts of their children, with severe penalties for those refusing to co-operate.

Many students went into hiding following the military crackdown last year and others have gone underground in the past few days.

The regime's State Law and Order Restoration Committee has accused the two opposition leaders of a series of martial law violations, of spreading hatred for the military and accusing the regime of being fascist.

Dr Michael Aris, the British husband of Aung San Suu Kyi and Research Fellow in Tibetan Studies at Wolfson College, Oxford, is believed to have been placed under house arrest shortly after he arrived in Rangoon on Saturday. A British diplomat waiting to greet Dr Aris at the airport did not see him leave the arrival area.

Under the terms of the year-long house arrest (which can be extended) Aung San Suu Kyi is only allowed to see immediate family.

They in turn are only allowed to see her under guard and may not communicate with any embassy. Aung San Suu Kyi's two teenage sons are already with her in Rangoon.

Optimism over Namibia

AFRICAN leaders began arriving in Addis Ababa yesterday at the start of talks among members of the Organisation of African Unity (OAU) this week to confront white-ruled South Africa and its role in Namibia, twin issues that have dogged the organisation since its birth 26 years ago.

The OAU leaders begin a three-day summit with hopes of peace in Namibia and across the continent because of better relations between the US and the Soviet Union.

From Angola, which last month signed a ceasefire accord with rebels who have fought the Government for 14 years, to Ethiopia, which is

offering unconditional talks to separatist rebels, a new climate of peace is prevailing.

"The wind of reconciliation is sweeping through Africa as at no other time," said an African diplomat. "We are witnessing truly historic and great moments, when it seems everyone has accepted that disputes should be resolved through negotiation, by peaceful means."

But the OAU leaders, who will also debate other African conflicts - the continent's \$230bn foreign debt and environmental issues - are expected to approve calls for tougher international sanctions to try to force an end to apartheid race discrimination.

Mubarak holds Khartoum talks

Egypt's President Hosni Mubarak held surprise talks with Sudan's new military ruler in Khartoum yesterday, amid speculation that Cairo would take a lead in trying to end the six-year guerrilla war in south Sudan, Reuters reports from Khartoum.

Diplomats said President Mubarak, who stopped off en route to the Organisation of African Unity summit in Addis Ababa, would begin a diplomatic offensive on the issue.

Mr Mubarak, widely expected to be the OAU's new chairman, would draw on his links with Ethiopia's rulers to appeal to the rebels to negotiate.

Moi to mediate on Mozambique

By Michael Holman, Africa Editor

EFFORTS to end the war in Mozambique gathered momentum at the weekend with the announcement by President Joaquim Chissano that he had appointed President Daniel arap Moi of Kenya as mediator.

The development follows Mr Chissano's meeting last week with Mr F W de Klerk, the South African president-in-waiting, at which he was assured that Pretoria intended to observe a 1984 non-aggression pact between the two countries.

South Africa has been the main backer of the rebel Mozambique National Resistance Movement.

The peace initiative is expected to be one of the main issues at the fifth congress of Mozambique's ruling Frelimo party, which opens today in the capital, Maputo.

Another concern will be the impact of the Government's structural adjustment programme, under which the ostensibly marxist government is moving closer to a mixed economy. Many measures have been strongly criticised.

Government officials acknowledge that the economic recovery programme cannot get off the ground until the war ends.

Speaking in Nairobi after a brief visit to Maputo, Mr Moi

said on Saturday that he would be willing to involve South African leaders in his mediating efforts.

"I will work closely with those involved in the Mozambique peace process - the Americans, the British, the Germans, the French, the Zimbabweans and even South Africa," Mr Moi said.

President Chissano also said he had asked President Robert Mugabe of Zimbabwe to join Mr Moi in the peace efforts.

Zimbabwe has deployed several thousand troops in Mozambique, protecting road, railway and oil pipeline links from Zimbabwe.

PERES WITHDRAWS THREAT TO SPLIT WITH LIKUD PARTNERS AND RISK NEW ELECTIONS

Labour compromise saves Israeli coalition

By Hugh Carnegie in Jerusalem

A THREAT by Israel's Labour Party to bring down the coalition government was removed yesterday when Labour and Likud, the senior government party led by Mr Yitzhak Shamir, the Prime Minister, agreed a compromise to get round their differences over peace proposals for the occupied territories.

The compromise formula, agreed yesterday morning between Mr Shamir and Mr Shimon Peres, the Labour leader, was a cabinet 21-4 vote reaffirming the peace initiative in its original form as endorsed by the government in May.

US-backed efforts to persuade Palestinian leaders to accept the proposals as a basis for negotiations will now resume, but have been badly damaged by the events of this month.

Labour leaders called on the party to pull out of the coalition two weeks ago after Mr Shamir acceded to demands from the Likud right wing to proceed with the peace plan on strict conditions which Labour regarded as wrecking its chances of success.

As originally put, the initiative proposed elections in the West Bank and Gaza Strip leading to interim Palestinian self-rule and, later, negotiations on a final settlement for the territories captured by Israel in the 1967 Six-Day War.

The Likud conditions were meant - among other things - to block the start of any such process before the near 20-month-old Palestinian uprising, or intifada, in the territo-

ries was eliminated and to exclude any exchange of territory for peace in a final settlement.

Labour, much of whose motive for being in the government was to pursue a settlement for the territories, was initially enraged by Mr Shamir's acceptance of these conditions at a Likud policy-making meeting. But as the days passed its fear of facing an election which polls predicted it would lose badly eroded its bold stance.

In the meantime, Mr Shamir repeatedly said the Likud conditions were no more than a party position which did not affect the decisions of the National Unity Government, as it is called. Crucially, this was also the line taken by the US,

which, though dismayed by the Likud action, was anxious to keep alive some hope for the initiative which it had been urging the Palestine Liberation Organisation to accept.

No decision was reached, but the Government did agree to allocate an extra 150m shekels this year to the Defence Ministry to help offset the costs of fighting the Palestinian uprising in the occupied territories.

This was less than half the sum sought by the Defence Ministry but it adds to the increasing pressure on the budget deficit as the Government tries to hold the balance between unemployment, at more than 9 per cent and rising, and an inflation rate near 20 per cent.

Whether that moment will arrive is a moot point. Until the Likud conditions were imposed, there were indications of progress in US efforts to entice the Palestinians into the election plan. Now, in the words of one US diplomat in Israel, "We're right back where we were before Shamir went to Washington in April."

In Palestinian eyes, Mr Shamir's embracing of the Likud conditions proved that his peace proposals were never serious, but meant only as a means of easing international pressure on Israel over its suppression of the intifada. Persuading them otherwise now will be doubly hard.

Increasing the difficulty is the strident opposition of Mr Shamir and his foreign minister, Mr Moshe Arens, to Washington's dialogue with the PLO.

Mr Shamir's approach remains to negotiate with non-PLO local Palestinians, although Israeli attempts to bypass the PLO have repeatedly failed.

The prime minister is likely to face continued attacks on his initiative from the Likud right, led by the three Likud ministers who voted against the compromise with Labour yesterday - Mr Ariel Sharon, Mr David Levy and Mr Yitzhak Moda'i. But for now it is Labour that seems the loser in the domestic political struggle.

By striking an outspoken position against continuing in government, and then accepting a rather meek compromise, Mr Peres has hardly enhanced

his standing as Labour leader. Once again, those in the party who prefer a junior role in coalition to the prospect of electing a majority have proved themselves a majority.

But those against the coalition fear that much worse long-term electoral damage is being done by staying in partnership with Likud than would be sustained by holding elections now. They point out that by holding the finance, defence and police ministries, Labour stands to get the blame for the economic slump and the continuing effects of the intifada.

"It is committing suicide step by step," says Mr Chaim Ramon, chairman of Labour's parliamentary group. "We are dying slowly by being part of this government."

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24 July 1989

FINANCIAL TIMES

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OVERSEAS NEWS

Insurance companies 'filing bogus claims'

By Louise Kehoe in San Francisco

INSURANCE companies are attempting to circumvent California's Proposition 103 regulations, which would force them to cut premiums on car and property insurance policies by over 20 per cent, by filing bogus claims, the state attorney general has charged.

"It has been eight months since the voters adopted Proposition 103, two months since we successfully defended the constitutionality of the ballot measure in the California Supreme Court," Mr John Van de Kamp, attorney general noted. "Now the insurance companies are trying to bury the initiative under literally tons of paper."

In May the State Supreme Court upheld the ballot measure, which had been challenged by insurance companies, but said the companies were entitled to a "fair return". Since then some 6,000 applications for exemption from the rate rollbacks mandated by Proposition 103 have been filed by insurers with the State Insurance Commissioner.

"There was apparently a spirited competition among the companies to see who could dump the most paper on the Department of Insurance, with the winner tipping the scales

over 1,000 pounds," Mr Van de Kamp reported.

He has formed a team of legal and actuarial experts to examine the filings.

"We found the insurance companies' filings packed with bogus claims; mountains of paper built on foundations of manipulated numbers; companies claiming a constitutional right to profit margins as high as 35 per cent; companies claiming a constitutional right to spend as much as 45 per cent of every premium dollar on overhead."

Filing formal objections to all 6,000 of the exemption applications last week, Mr Van de Kamp also proposed tough regulations that he promised would "deliver hundreds of dollars in rebates to every insurance consumer in California."

"We want the commissioner to adopt regulations that give the companies the opportunity to earn a fair profit but no more," he said. "Unreasonably high overhead charges should be eliminated from rates. We are calling for the commissioner to throw out the companies' manipulated, self-serving projections of future payments."

US official 'may have been working 10 years for KGB'

By Peter Riddell

MR Felix Bloch, the most senior State Department official ever suspected of espionage, may have been working for the Soviet KGB more than a decade ago, according to a senior Administration official.

Mr Bloch, suspended but not so far formally charged, was deputy chief of mission in the US Embassy in Vienna in the mid-1980s and was, more recently, responsible for relations with the European Community.

His alleged involvement with the KGB was found out several months ago and he is believed to have been videotaped handing a briefcase to a Soviet intelligence officer under surveillance in Paris.

A US official said the "unproven" belief was that Mr

Bloch's contacts with the Soviet Union went back more than a decade. He alleged that he had also been seen with a known KGB agent in Vienna.

The State Department has said the Federal Bureau of Investigation inquiry covers various illegal activities and that agents are attempting to "identify the extent of the compromise of security which has occurred."

There is particular sensitivity over the allegations because Mr Bloch had access in Vienna to a considerable amount of secret information, in an embassy where the CIA had a big presence.

He would apparently have known in general about intelligence officers' movements.

Bush team sure of win on capital gains tax

By Peter Riddell

THE Bush Administration is increasingly confident of winning this week its long and bruising battle with the Democrat-controlled Congress over proposals to cut capital gains tax.

A group of six Democrats, mainly from the South, has decided to back a modified cut in the tax which, if endorsed by all the Republicans, would gain a one-vote majority on the tax-writing House Ways and Means committee.

If the capital gains tax cut is approved, both in the committee and on the floor of the House, it would be a big domestic victory for President George Bush and a humiliating defeat for the Democratic leadership.

Mr Tom Foley, Speaker of the House, and Mr Dan Rostenkowski, chairman of the ways and means committee, are strongly opposed to an immediate cut in capital gains tax, which they argue would mainly benefit the wealthy.

They have warned that if the White House insists on pressing the issue there will be a backlash in loss of co-operation on the harder task of agreeing a budget deficit reduction package for fiscal 1991 and later.

There have been reports of a possible deal in which the White House would agree to broader tax rises to reduce the deficit and preserve some spending programmes, in return for Democratic support for a cut in the burden of capital gains tax by taking inflation into account.

Mr Richard Darman, budget director, yesterday denied the Administration was proposing any new taxes for fiscal 1990 and claimed the Administration had the votes needed to win the capital gains tax cut. The only problem was that Mr Foley and Mr Rostenkowski were "delaying a vote".

The Administration has proposed cutting capital gains tax from the present 28-33 per cent to 15 per cent. The rebel Democrat alternative is for a cut to 20 per cent for two years, followed by a return to 28 per cent, but then an indexation of the tax.

Dark Knight returns as Gotham trembles

The new Batman film is feeding New Yorkers' fantasies, writes Roderick Oram

DECENT people shouldn't live here. They'd be safer somewhere else," declares The Joker in Batman, the film rubbing raw emotions and smashing box office records in New York City and across the US.

The Joker, the personification of evil, fights Batman, the neurotic champion of good, for the lives and souls of the citizens of Gotham City. Best by crack, crime and corruption, New Yorkers wonder where fantasy ends and reality begins.

Even Gotham's incompetent mayor is the spitting image of New York's Ed Koch. "The mayor's seen the movie and he likes it," says an aide. "Personally, I think the guy on the screen is a bland imitation of the original."

Batman is no kids' romp. Based on the 50-year-old comic book character, it darkly depicts a filthy and demoralised city. It is a nightmarish, violent myth with The Joker and Batman playing opposite but almost equally distorted sides of human nature.

Months before it was released fans across the country were paying \$6 to see its 90-second trailer. Since the film finally arrived three weeks ago, they have been turning out in their millions. Some wear all-black Batman costumes, many others hats, T-shirts or skirts emblazoned with the gold and black Batman logo. Women are painting their nails with it.

Playing coast-to-coast in 2,200 Batcaves, the \$30m film

two-shoes. Batman busts heads," adds Joe. His T-shirt says "Good Guys Wear Black". Homage to the hero? "No, to my Harley 73."

Batman owes his start in life to Superman. Back in 1939, a year after Action Comics swept the market with Superman, its arch rival Detective Comics asked Bob Kane to come up with a competitor. The 16-year-old New Yorker took only a few days to devise Batman, drawing in part on Zorro and on Leonardo da Vinci's designs for man's wings.

Batman's first hit Gotham's streets in Detective Comics issue 27, a gaudy time thriller on cheap newsprint. Joe relates: "An old woman in Connecticut called me up after the movie was out. She'd got her son's comics out of the attic and was reading the dates to me. One was a DC 27. I told her it was worth \$30,000. I thought she was going to drop dead."

Fate has taken less pleasant twists for loyal Batman fans. They believe the creators of the 1960s television series had grossly demeaned his character, pouring him into blue tights, pouting trunks and a yellow cape and making his assistant Robin a sexually ambiguous twit. "It got kinda campy and silly," says Joe.

Then a few years ago the hero was redeemed in an

expensive new comic book, The Dark Knight Returns, in which Batman, ageing and crotchety, comes out of retirement to do battle with murderous punks who are about to take over Gotham City, and

"The Japanese draw everyone with round eyes," he adds. "They understand the value of marketing." His store is crammed from floor to ceiling with comics, some such as Tales From The Leather Nun placed out of reach of young hands. "Most of our customers are adults."

Away from books and screen, other adults are living out Batman fantasies. Mr Bahman Batmanghelidj, an Iranian-born real estate developer who calls himself Batman, wants to free the nation's capital of criminals. He has offered to move Washington's hell-hole of a prison to West Virginia so he can build on the valuable site.

Back in Gotham's skyscrapers, two major media companies are fighting to merge in the face of fierce opposition from a third.

High on the film's huge profits, Warner executives have cast their boss Steve Ross as Batman, his putative partner Richard Munro of Time as Robin, and Martin Davis of Paramount as The Joker.

But have they forgotten that Batman and his followers overthrew Robin? That The Joker was defeated only after he inflicted a terrible pain on Batman? Or that, in the closing scene, it's The Joker who has the last laugh?

The film smashed the \$100m mark in a record 11 days

has already grossed more than \$150m (\$30m). It smashed the \$100m mark in only 11 days, against the previous record of 15 days set weeks earlier by Indiana Jones and the Last Crusade.

"You couldn't make that kind of money without touching a nerve," says an official of Warner Brothers, the film's distributor. But which nerve? "I think you'd better ask a psychiatrist."

True analysts and historians are people like Joe Libsch and Scott Williams, owner and employee of Village Comics in New York's Greenwich Village.

"You can identify with Batman," says Scott. "He's human. He has no superpowers. He's just rich and uses his inheritance to build all the gadgets he needs."

"Superman's naive, a goodly

Star Wars director to meet Israeli defence chief

THE director of the US Star Wars (Strategic Defence Initiative) programme yesterday began a four-day visit to Israel, increasingly involved in research and development of the project, Reuter reports from Jerusalem.

Lieutenant-General George Monahan will meet Israeli Defence Minister Yitzhak Rabin, a ministry spokesman said.

The US and Israel agreed in March to develop a \$35m computerised research centre for systems included in the programme.

The two countries also agreed two years ago on a \$158m project related to the programme to develop the Arrow interceptor to shoot down short-range missiles.

The ministry spokesman said Lt Gen Monahan and other US defence officials would visit industries involved in Star Wars research, but topics of discussion could not be disclosed.

Analysts said the officials would probably talk about increasing US-Israeli co-operation on the programme, which aims to research and build a space shield against nuclear attack.

Mr Dore Gold, director of the US Foreign and Defence Policy Project at Tel Aviv University's Jaffee Centre for Strategic Studies, said Israel was interested in "ground-based missile interception, the less controversial part of the programme."

Loss provisions at World Bank

THE World Bank last year set aside an additional \$300m for accumulated loan loss provisions, bringing the total to \$800m, representing one-quarter of the principal on loans owed by eight debtor countries, writes Nancy Dunne.

Still, the bank's net income for fiscal 1989 rose to \$1,094bn, from \$1,004bn the previous year, the bank said, releasing end-of-year financial results.

The bank's strengthened reserves position enabled it to reduce commitment fees charged on outstanding loan balances by two-thirds - from 0.75 per cent to 0.25 per cent - saving borrowers about \$200m for the year.

The bank also began implementing a new financial management system, to limit the impact of exchange rate exposure on borrowers.

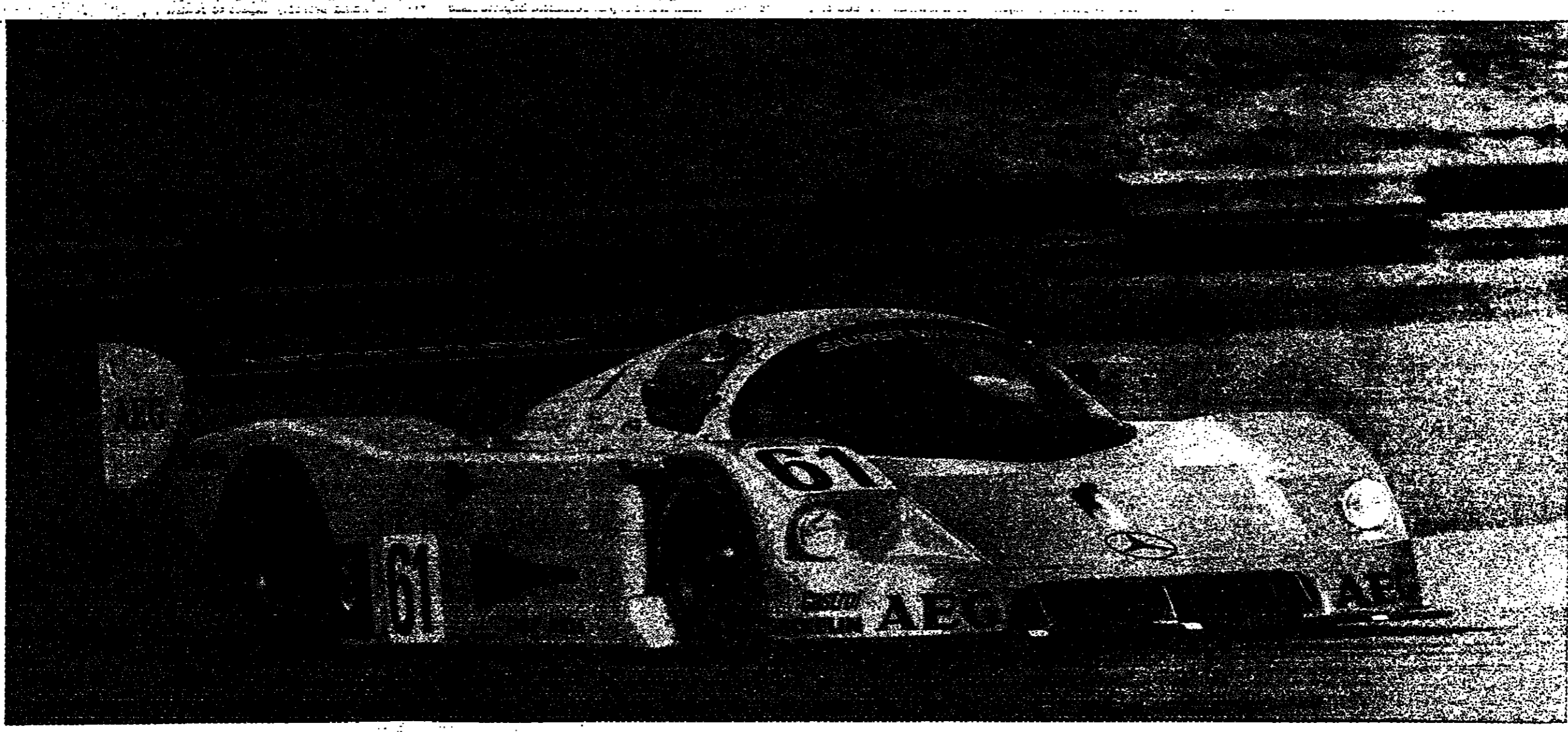
Brazilian stock market scandal prompts search

By John Barham in Sao Paulo

BRAZIL'S federal police are hunting for two suspects wanted on charges relating to last month's stock market scandal.

Mr Naji Robert Nahas, a leading speculator, and Mr Elmo Camoes Filho, son of the former Central Bank president and director of a bankrupt brokerage, have apparently disappeared. A Rio de Janeiro judge ordered their preventive arrest late on Thursday because he said they could interfere in police investigations or flee the country. The two men's lawyers say they will apply for a writ of Habeas Corpus today.

Mr Nahas and Mr Camoes Filho, have been accused of manipulating financial markets. The Federal Police have also charged Mr Martin Wimmer, president of the Federal Stock Market regulatory agency, for his alleged failure to curb speculation. He is expected to resign shortly. Public prosecutors say they plan to indict a further 15 individuals connected with the scandal. Mr Nahas provoked Brazil's worst ever stock market collapse in June after he assumed a massive position in the Equities and Stock Options markets. On June 9 he refused to honour \$3.1m in debts, plunging the entire financial system into crisis. Share prices halved, regulators closed seven insolvent brokerages, and Central Bank president, Mr Elmo Camoes, resigned.



Mercedes-Benz take 1st and 3rd at Brands

Mercedes-Benz increased their lead in the World Sports Car Championship at Brands Hatch yesterday with their 4th win of the season (including Le Mans). More than just a triumph for performance engineering at Mercedes-Benz, it was another successful trial for the racing version of the 5.0-litre V8 engine used in Mercedes-Benz road cars.

1st: No.61, Sauber-Mercedes C9-88, driven by Mauro Baldi and Kenny Acheson.
3rd: No.62, Sauber-Mercedes C9-88, driven by Jean-Louis Schlesser and Jochen Mass.
(Result subject to official confirmation.)

ENGINEERED LIKE NO OTHER CAR IN THE WORLD.



OVERSEAS NEWS

Parallel import fears start alarm bells ringing for UK book industry

David Buchan reports on the way in which the European single market will have repercussions for English-language publishers

BRITISH publishers believe the European Community's competition law is a threat to the way in which they divide up the market with their US counterparts on the basis of exclusive territorial rights.

But they do not know what to do about it and the European Commission is not sure either.

Officials working for Sir Leon Brittan, the European Community's Competition Commissioner, are ready to offer British publishers coffee (this is Brussels, after all) and sympathy, but not much else.

They do not see any competition grounds for offering UK publishers bloc exemption from the Treaty of Rome's general provisions against anything which divides up the Community market, such as the existence of exclusive rights in only one EC state such as the UK.

Perhaps, suggests one Brussels official, the British book industry could plead the defence of European culture as justification for a waiver of Community competition law.

Certainly, the "culture defence" argument appears to be gaining ground, with the Community likely to pass fairly soon legislation providing for some minimum local content in European television broadcasting.

This is based essentially on French demands that European television programming should be protected against American imports.

The big problem for UK publishers, however, is that they are alone in the EC book sector, for reasons of language, in facing strong extra-EC competition from the US. (In TV, dubbing overcomes the language barrier.)

The problem of exclusive territorial rights in the book trade

is not strictly related to the 1992 internal market programme. It has been around for years - an accident waiting to happen.

Nothing in the internal market white paper specifically relates to publishing. But the 1992 programme has heightened awareness of the single market's implications and of the provisions against carving it up.

The basis on which English language books are traditionally traded is that British publishers get exclusive rights in the UK and to a large extent the Commonwealth, while US publishers get North America (the US and Canada) as their exclusive domain.

Non-English speaking areas, of which copyright law is increasingly important, are treated as "open" or non-exclusive markets by UK and US publishers and agents.

The exclusive system is generally



erally wanted by publishers on both sides of the Atlantic as providing efficient local marketing and good returns to authors.

But its success, says the UK Publishers Association, is "based on the ability provided by copyright law to protect the exclusive market, the authors' royalties from sales in that market, and the investment involved in producing, printing, stocking, promoting, and distributing titles in each market."

This sort of exclusive

arrangement has long been questionable under EC law. The Rome Treaty bans member states using means (such as national copyright or patent laws) to prevent the free movement of goods lawfully marketed in other parts of the Community.

The protection of industrial or intellectual rights has been interpreted by the European Court and the Commission to permit ownership of exclusive territorial rights, but not exercise of such rights to block goods coming into that territory from elsewhere in the Community.

This is known as "parallel importing", dubbed by a Commission lawyer as "the darling of Community law".

UK publishers lingered in a twilight of half-hope, until passage of the 1988 Copyright Act which comes into force on August 1.

The effect of this, which

made clear the primacy of EC law, was, says Mr Ian Taylor of the UK Publishers' Association, to make parallel importing an infringement of copyright, except when carried out through another EC country.

This has set the alarm bell ringing for British publishers.

In fact, little parallel importing of US titles into Britain has taken place recently because of the strength of the dollar. Most US publishers contend that it will not happen, because of the costs of selling first to the Continent and thence to the UK.

But Mr Clive Bradley, chief executive of the UK Publishers' Association, says: "What worries us is premature remainders of US editions, which sell well in the UK, advance editions designed to catch the initial demand for bestsellers, and imports when the dollar is weak."

Of course, one obvious solu-

tion is to accept the thrust of EC law, and the logic of 1992, and to buy and sell exclusive English language rights for the Community as a whole, clearly for somewhat larger sums than UK rights alone.

The problem, according to Mrs Gill Coleridge, a leading UK agent, is that most American publishers do not want to do business on that basis.

Many US publishers appear to believe that their UK rivals are just using trumped-up legal fears to grab a bigger market share for themselves.

One of them, Bantam Doubleday Dell, recently set out its objections to selling exclusive EC-wide rights to UK publishers.

"Without being too jingoistic, there is no reason to believe that the interests of American authors, especially new or mid-list authors, can be best served by British publishers selling British editions of

these American books in non-English speaking countries around the world."

Some US publishers have offered to support their UK counterparts' request for exemption from EC competition rules.

But officials in Brussels say they have yet to hear from the Americans and that, in any case, such a show of transatlantic solidarity would be unlikely to make them more yielding.

The same officials say they would be happy to spell out to the Americans the weakness of the British case.

At the moment, the European Commission has bigger competition tasks than to bring an action against the British publishers.

But does the UK book industry need to provoke a test case against itself, and to lose the action, in order to prove its point?

EC 'could not become a trade fortress'

By Peter Montagnon, World Trade Editor

THE European Community lacks the legal authority to impose greater restraints on imports and could not become a trade fortress after 1992 even if it wanted to, according to Mr Johannes-Friedrich Beseler, a senior Commission trade official.

Addressing a conference in London on the external implications of the single market, Mr Beseler, who is best-known for his role in implementing the Community's controversial anti-dumping policy, brushed aside international fears that the single market would lead to an extension of national import restrictions to a Community-wide level.

The single market would lead to "an unprecedented wave of liberalism" which may even bring considerable problems for certain industries in certain member states. It would be unwise of those industries to rely on protection from Brussels, he said.

Currently, EC member states operate a total of 735 quantitative restrictions on imports from outside the Community. Many of these are enforced by Spain and Portugal and are due to be wound down any-

way, as these two countries complete the transition stage of their accession to membership.

The rest, covering products as diverse as cars, films, measuring instruments, ceramics and toys, depend on Article 115 of the Treaty of Rome for their enforcement, he said.

"This article, which permits member states to bolster national quotas by restricting entry of goods routed through other member states, will become obsolete after internal barriers disappear, making national quotas unenforceable. Its use has already been wound down."

Mr Beseler told the conference, which was organised by the Confederation of British Industry and the Royal Institute for International Affairs, that in all but exceptional cases it would be illegal for the Commission to respond by instituting Community-wide quotas to replace national import restrictions.

EC rules do provide for emergency protection against surges of imports, but they mirror exactly those in force under the General Agreement on Tariffs and Trade. That

meant that the Commission had to prove the industry concerned was being seriously injured by imports. In most cases, it would simply be impossible to do so.

It would also be wrong for businessmen to assume that they could rely on stepped-up anti-dumping and countervailing duty actions to restore some of the protection lost as national quotas disappeared, he said.

"European industry would be badly advised to rely too heavily on this instrument," he added, not least because many dumping complaints were rejected by the Commission which also had to consider the broader economic interest of the Community before imposing any duties.

His remarks were, however, met with a degree of scepticism by some other speakers at the conference, including Mr Kojiro Takano, from Japan's mission to the EC. He said the many voluntary restraint arrangements operated by EC states against Japan would be the acid test of European trade policy after 1992.

The local content requirements placed on Japanese

products manufactured in third countries in connection with anti-dumping actions was a source of serious concern. They were "legally unjustifiable, economically harmful and politically unwise," Mr Takano declared.

Brandishing a copy of a US newspaper article written the day after the EC imposed dumping duties on Ricoh photocopiers, Mr Beseler retorted that Ricoh executives had declared themselves wholly unperturbed by the European action as they could divert product sourcing from Japan to their plant in the US.

The article suggested that European customs officials would not notice that the product was still basically Japanese.

This explained why the Community had had to protect itself against circumvention of anti-dumping duties by attacking so-called "screwdriver" assembly plants outside Japan.

"We are absolutely convinced that we acted in strictest conformity with Gatt rules," he said.

Poll victory pressure on Hungarian party

By Leslie Collett in Berlin

PROSPECTS for the Hungarian Communist Party having to surrender power next year have increased after a by-election victory by an opposition candidate.

The only clear winner in Saturday's ballot in four constituencies, which gave Hungarians their first chance to vote freely since 1947, was a Lutheran clergyman, Rev Gabor Roszik, who gained 70 per cent of the vote in one area, more than double the Communist score.

Three other areas showed no clear result. The low turnout confirmed scepticism over Hungary's new multi-party system, to be fully tested in general elections next year, doubts if the Communist party is really prepared to yield control, and scepticism about the opposition parties.

In two constituencies where the opposition polled the most votes, the results were declared invalid because of low turnout. A Communist candidate topped the fourth poll but failed to get the required 50 per cent of votes.

Mr Roszik campaigned for a democratically elected Parliament, declaring that the authorities should serve the people. The by-elections occurred because Party deputies vacated their seats in the

wake of discontent over representatives chosen in past party elections.

Mr Roszik Nyers, the reform-minded president of the Party's four-member collective leadership, and Mr Karoly Grosz, the Party's general secretary, begin talks in Moscow today.

Mr Mikhail Gorbachev has said East European countries are free to determine their future, but the Soviet media has criticised Hungary over a protest outside the Soviet Embassy in Budapest. The Soviet news agency, Tass, criticised "anti-Soviet" speeches at a June 16 ceremony in Budapest.

Mr Gorbachev will have noted that Hungarian leaders deplored the protest and speeches. They noted that Hungary would remain part of the Warsaw Pact until both it and Nato might be dissolved.

Mr Nyers, father of the 1988 Hungarian economic reforms, has urged shifting Hungarian trade away from Comecon towards the West.

He was chosen last month to head the Party, to staff off a split between radical reformers and conservatives. He is expected to stay in office until October's Party Congress, expected to sweep out remaining central committee conservatives.

but it may be deeper."

Their mood seemed realistic, even modest. All were pleased with the symbolism of President George Bush's trip and his according equal weight to opposition and government. None said he was unhappy at the small amounts of financial support promised. "We did not want more aid to the government," said Mr Vidos. "We need encouragement of the private sector for different ven-

tures," added Mr Rajk.

The experience of the weekend election has been exciting, showing that a joint opposition candidate can win. But it was chastening, too, in the face of a low turnout.

"Politicians of the opposition must prove themselves more than just talkers," says Mr Jeszensky. These opposition politicians have come to Britain to help produce such proof.

Opposition politicians study democracy

SOME DOZEN Hungarian oppositionists are in London this week to study democracy in action; they have come to learn, and teach, John Lloyd writes.

They were buoyed by the news that an opposition candidate had won a Parliamentary seat - the first member of an opposition party to do so for 40 years.

They are avid for practical details. For Mr Geza Jeszensky, dean at Karl Marx University and a member of the Democratic Forum, it is "the practice of running a constituency - how an MP represents his voters. You know, our MPs have still now simply agreed with the party programme."

Later this week, they will be taken to see Tooting and Birmingham Hodge Hill (both Labour), Bermondsey (Democrat), Taunton, Corby and Bristol West (all Conservative) - the last the seat of Mr William Waldegrave, the Foreign Office Minister, who has helped promote the trip, organised by the UK-East European Centre.

For Mr Gyorgy Butner, a Social Democrat and lawyer, it is "the law, the judiciary - I want to see a system where the prosecution does not have so much power and where judges are independent of party, do not have to rely on the Party for careers."

Mr László Rajk of the Free Democrats is here to learn, too, but will have a criticism to make. "The British Government's reception of Károly Grosz (the party General Secre-

tary) last year was not helpful to the opposition. It gave people the impression Western governments support the authorities and see the opposition as marginal figures - dissidents. I hope that has now changed."

There is one MP, Mr Zoltan Kiraly, an independent expelled from the party for being too independent. He sees it as essential that the Hungarian Parliament gain authority after next year's promised elections, to minimise the possibility of hardline reaction.

They are united in opposition to the party, half admiring, half distrustful of the reformist Communists - but are also competitors, one with another. When Mr Rajk gave me the Free Democratic programme, Mr Jeszensky responded with his. Mr Jeszensky is leery of sudden moves out of the Warsaw Pact, fearing reaction in the Soviet Union.

Mr Rajk and his colleague, Mr Tibor Vidos, stress the need for a phased distancing of Hungary from the Warsaw Pact and Comecon. The differences are, on this matter, practical, not deep and strategic.

They are proud of the new vitality of Hungarian political life, and of their diversity. Mr Andras Vagolyi, of the youth group Vidos, says the opposition can turn the lack of a Polish-style mass movement to its advantage by offering choices. "In a highly differentiated society, that's an advantage. Our reform is slower than Poland's,

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPT (EDRS) IN PIONEER ELECTRONIC CORPORATION

EDR Holders are informed that Pioneer Electronic Corporation has paid a dividend to holders of EDRs of 100 Shares, 1989, of Yen 10 per Yen 50 Share of Common Stock, and the Depositary has converted the net amount after deduction of Japanese withholding taxes into United States Dollars.

EDR Holders may now present Coupon No. 6 for payment.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	P.R. of China	USA
Czechoslovakia	Ireland	Poland	United Kingdom
Denmark	Italy	Rep. of Korea	U.S. of America
		Romania	Zambia

Falling receipt of a valid affidavit, Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate 20% will also be applied to any dividends not received after 31st October, 1989.

Amounts payable per EDR of 1,000 Shares against Coupon No. 6

Gross Dividend	Dividend Less 15% Withholding Tax	Dividend Less 20% Withholding Tax
US\$ 71.71	US\$ 61.95	US\$ 57.37

Depositary: Bank of Tokyo International Limited, London

Agent: The Bank of Tokyo (Luz.) S.A., Luxembourg

24th July, 1989

SHIPPING REPORT

Calls for tanker tonnage up with little change in rates

By Kevin Brown, Transport Correspondent

DEMAND for tanker tonnage increased towards the end of last week in most loading areas, but there was little change in rates in the Middle East Gulf because of an oversupply of very large and ultra large crude carriers.

Brokers said VLCCs were being fixed from the Gulf to the Red Sea at around Worldscale 45, to Japan at around Worldscale 50, and to the West at around Worldscale 47.5.

These rates reflect a slight decline in the market over the past month or so, following a rally in May and June, when rates for some voyages reached levels last seen in mid-January.

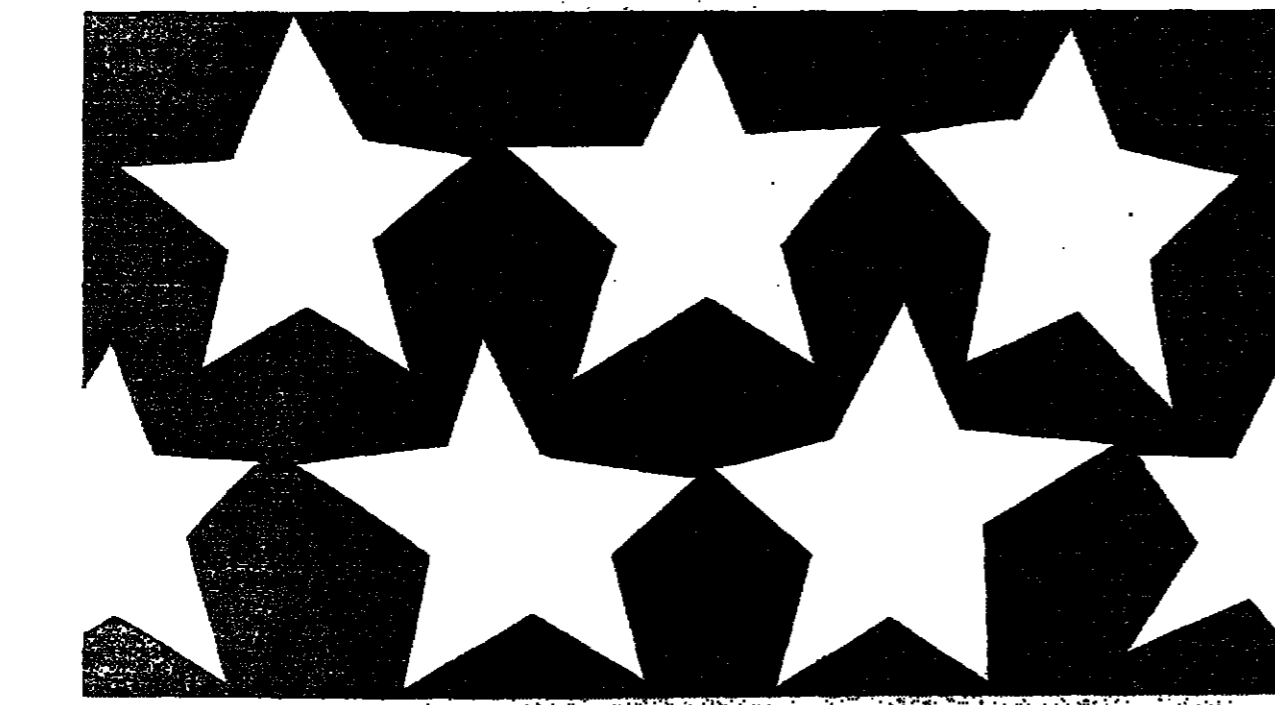
Business was better for owners in the western loading areas, particularly the Mediterranean, where rates rose by around 30 per cent.

One owner was said to have fixed a ship of 80,000 tons deadweight from Libya to the UK/Continent at Worldscale 150.

Another fixed a similar ship from the West Mediterranean to Portugal at Worldscale 145.

Part of the reason for the improved rates was renewed activity in the North Sea, which has reduced the number of ships ballasting to the Mediterranean in search of cargoes.

Brokers noted, however, that most of the activity was centred on July. Less demand was evident for August cargoes.



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WORLD ECONOMIC INDICATORS

		TRADE STATISTICS			
		May '88	Apr. '88	Mar. '88	May '88
US (\$bn)	exports	30,473	30,759	30,323	26,283
	imports	40,710	39,045	39,888	37,948
	balance	-10,237	-8,286	-9,545	-11,665
Japan (US\$bn)	exports	21,296	21,847	24,238	20,468
	imports	18,179	14,489	17,104	13,630
	balance	3,096	7,364	10,149	6,838
UK (£bn)	exports	7,575	7,143	7,396	6,592
	imports	9,299	9,297	9,073	8,219
	balance	-1,724	-2,155	-1,677	-1,627
W. Germany (DMbn)	exports	51,710	52,720	51,480	46,740
	imports	41,480	41,570	39,320	37,140
	balance	10,230	11,150	11,960	9,600
France (FFbn)	exports	92,623	93,687	96,485	82,382
	imports	99,292	97,392	96,835	83,847
	balance	-6,639	-3,695	-3,350	-1,465

LEICESTERSHIRE

The Financial Times proposes to publish this survey on:

15th September 1989

For a full editorial synopsis and advertisement details, please contact:

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“Take my tip. If you want a satellite system, buy Sky”

WHAT Satellite

FORGET THE SQUARIAL

What Satellite is an independent consumer's magazine. Here we publish a blistering examination by respected industry observer Barry Fox in which he traces the stumbling saga of the BSB squarial and its future.

Take my tip. If you want a satellite system, buy *Sky*. I have been suspicious about BSB ever since the company won its franchise from the IBA, with the promise of a complete reception system for under £200.

The silly 'squarial' was launched with a blaze of publicity—and no-one telling the press, trade and public that all they were seeing was a wood and plastic mock-up dummy.

Then there was the plan for five channel transmission, from a satellite originally designed for three channel transmission. BSB did everything possible to duck the issue of the inevitable reduction in power.

When I wrote articles questioning what BSB was up to, the company wrote whining letters of complaint to editors—even though they had previously refused to answer questions.

Some magazines (but not the *What* stable, I hasten to add) felt intimidated; asked BSB for comment on what I had written and got categorical denials.

So, sometimes my articles were watered down; sometimes they never saw the light of print.

Three times recently, I suggested to BSB's head honcho, Anthony Simonds-Gooding, that he should organise a hard fact briefing for the specialist press to tell what on earth is going on inside BSB—and explain why the company has been promising, and advertising, reception equipment for a September launch when anyone with half a brain knowledge of the consumer electronics industry knew that there wasn't a cat in hell's chance of having MAC receivers and squarials ready for sale.

So the myth of a September launch perpetuated, and the general public was sucked into believing what it was told.

This had the happy (for BSB) effect of deterring people from buying *Astra* reception equipment in the misguided belief that something cheaper and sim-

pler to erect would be available in the Autumn.

I went out on a limb and filed an official complaint with the *Advertising Standards Authority*.

I formally objected that BSB's advertisements were misleading in promising that the squarial would be 'proudly displayed in homes all over Britain from September'.

I argued that the squarial was still in the early stages of development, and highly unlikely to be available in September as claimed.

The ASA is now considering the complaint, and its report will soon be published. I await the ASA's judgement with considerable interest.

But already, the chickens are coming home to roost.

BSB has now admitted that it cannot meet promised dates. Editors who believed BSB's categorical denials are now sadder and wiser.

So has the leopard changed its spots? Judge for yourself.

The first chink in BSB's armour showed on May 11, when the company issued a statement, in response to press speculation admitting 'some slippage' in the development schedule, but still dreaming that it might be 'recoverable'.

Over the next two weeks Simonds-Gooding recognised that he could no longer escape reality and would have to delay the launch at least six months.

On May 25 Simonds-Gooding held a briefing for a handful of journalists, mainly not technical specialists, and released a briefing note to a few more. I did not get a copy of the briefing note until I specifically asked for it.

BSB normally circulates its press releases to all journalists, via a press agency called *Pims*. But the agency confirms that it was never asked to distribute the May 25 note owing up to the delay.

This is why at first there was only limited press coverage of BSB's decision to hold back the launch. To try and be

fair I wrote to Anthony Simonds-Gooding, asking him a blunt question.

Did he, as chief executive of BSB, now admit that he had failed to understand the problems of manufacturing technology and through this failure genuinely believed until May that there was no risk of delay?

His explanation is so garbled that the only thing I can do is to quote it verbatim: 'As parts of our technical systems are now forecast to be coming in later than planned, this is putting a time squeeze on the systems integration phase of the process.'

Make of that what you will. So, where do we go from here?

Graham Grist, deputy chief executive in charge of technology, has 'left' the company.

No fancy footwork about the resignation. The announcement just said Grist was 'leaving'.

It was Grist's job to advise BSB's board on technical matters and answer technical questions at press conferences. My main memory of Grist was of when I asked at a press conference about BSB's transmission power with five channels.

In public, Grist fudged the issue of whether there would be a reduction in power. In private afterwards, he conceded there was logic in what I had suggested—that five channels working from a three channel satellite means a drastic reduction of transmission power.

Significantly, BSB now talks about not starting the five channel service until the summer of 1990. By then—if investors have continued to cough up money—there should be a second satellite in orbit.

But it's a big 'if'.

Astra already plans a second satellite for October 1990, doubling channel capacity to 32.

Hence my advice. If you want to watch satellite TV, buy *Sky*.

If BSB ever launches, my prediction is that it will soon have to sell conversion kits for *Sky* systems.

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UK NEWS

Worrying trends behind investments surge

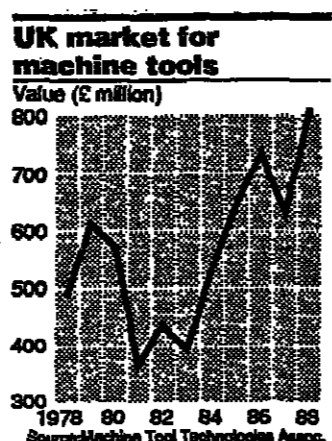
Extra spending on manufacturing may not be as healthy as it looks, says Nick Garnett

HAS the investment boom in British manufacturing been as deep rooted as the Government and some industrial leaders claim? Has the UK raised its international competitiveness as a result of it?

UK manufacturing has gone through a surge in capital equipment investment during 1988 and into this year which, on the face of it, should have improved the country's overall ability to compete.

Fixed capital expenditure at 1985 prices rose almost 14 per cent last year to £10.5bn. That figure is 65 per cent higher than in 1982, the lowest investment year during the 1980s.

The British machine tool market rose 22 per cent in sales value last year to £205m, one of the biggest single-year increases recorded.



That represented some substantial re-equipping across a broad range of manufacturing but some industries registered even larger increases in expenditure on equipment.

The UK chemical and pharmaceuticals industry raised capital investment last year to £1.99bn which, translated into Rcu in a statistical table produced by the national chemical federations in Europe, represented a rise of 35 per cent.

This kind of investment has been mirrored in many non-manufacturing areas. For example, the British market for construction machinery rose 45 per cent last year, measured in unit sales, to 23,900 machines, confirming the British market as the biggest in Europe.

Many types of manufacturing companies have benefited from this re-equipping and

there has been a noticeable emphasis on quality.

For example, Mr James Blakledge, marketing director of Apricot, the UK producer of workstations and departmental computers, says quality has been the overriding factor in Apricot's recent investment programmes.

"A lot has gone into automated testing equipment," he says. "Between 60 and 70 per cent of new investment has gone into the quality side of things."

It is this kind of investment which Mr Nigel Lawson, Chancellor of the Exchequer, has often stressed as a sign of the health of the British economy.

At a meeting of the National Economic Development Council earlier this month, Mr Lawson provided journalists with a series of steeply rising investment graphs.

One, for business investment as a share of GDP, rose from 12.5 per cent in 1986 to more than 14.5 per cent at the start of this year.

The broad figures on increasing investment, however, mask serious underlying worries about the nature of some of that investment, the shortness of the period over which it has been sustained and comparisons with what UK manufacturers' main international competitors have been doing.

Firstly, not all industries have benefited from rising investment. In textiles and clothing, for example, the estimated expenditure on capital equipment and buildings actually fell last year to £452m from £471m in 1987.

The British Textile Confederation estimates that the industry in West Germany and Italy

partly reflected some pent-up demand.

The overall position in capital equipment on engineering shop floors does not look impressive when compared with some of the UK's main competitors.

Britain remains a bigger purchaser of machine tools than France. Buying in Italy, however, has risen 25 per cent per year for two years running and is now about 50 per cent larger than the UK market.

West Germany, whose machine tool purchases are more than two and a half times those of the UK, has recorded fairly sluggish growth in demand in 1987 and the first half of 1988. But requirements for new production equipment have now exploded there, with the German machine tool association reporting domestic orders up 90 per cent this year.

To put the UK's engineering production investment in context, demand for metal cutting and forming machines in Japan, a relatively flat market in 1987, sprang back into life with such force in 1988 that machine tool sales rose there by more than 50 per cent.

The overall picture looks even less encouraging because large chunks of UK manufacturing entered the mid-1980s with grossly outdated factories. In those industries noted for healthy investment, high capital expenditure in the UK has also been part of a general re-equipment programme across Europe.

The rise in capital expenditure by a quarter in the UK chemicals and pharmaceuticals industry last year compares with just 12 per cent investment growth in the French

chemical industry and less than 10 per cent in West Germany. However, in the previous year investment growth was generally flatter in Britain than in the rest of Europe.

Thirdly, question marks hang over the type of equipment purchased in the UK. In the British confederation says UK companies have been buying sophisticated equipment. In machine tools, however, West German machine suppliers argue that the UK component subcontracting industries remain modest purchasers of high cost production equipment for flexible, small batch production compared with those in France and West Germany. This will harm their competitiveness, they say.

In the supply of materials handling machinery, the type of equipment UK companies have been purchasing indicates that a lot of it has gone into retailing and distribution warehousing rather than production plants. For the Chancellor to say that imports of capital goods are all part of investment in manufacturing in Britain is too simple.

The UK still has a long way to go. The £10.5bn investment in manufacturing recorded last year may be well above the low point recorded in the 1980s but it is still only marginally above what it was in 1979, measured in constant prices.

Mr Bob Bischof, head of UK operations for Jungheinrich, the West German lift truck maker, says: "The type of lift trucks bought in the UK tells you this and makes a comparison with sales on the Continent where a larger percentage of equipment goes into production plants. For the Chancellor to say that imports of capital goods are all part of investment in manufacturing in Britain is too simple."

The UK still has a long way to go. The £10.5bn investment in manufacturing recorded last year may be well above the low point recorded in the 1980s but it is still only marginally above what it was in 1979, measured in constant prices.

Water sell-off plan faces rebellion on pricing policy

By Richard Evans

THE GOVERNMENT'S problems over water privatisation are set to deepen this week, with the Environment Department facing a rebellion from water authority chiefs over future charging policy.

All 10 water authority chairmen in England and Wales, plus their advisers, are to meet Mr Michael Howard, Water Minister, for a critical series of negotiations on the scale of price rises to be allowed after the authorities become public limited companies in November.

The Government is determined, for political reasons, to keep annual increases as near to single figures as possible. Industry leaders argue this would be totally unrealistic, given capital spending levels required to improve water and river quality and bathing-beach standards.

"It is an absolutely chaotic scene with the Department

often cancelling meetings just as we come to a crunch point. They have belatedly realised the scale of the investment the industry needs," said one industry chief yesterday.

The privatised authorities, together with the 29 statutory water companies, are to be allowed to raise prices by the rate of inflation, plus a factor known as K. This will vary from company to company and from year to year, according to the amount to be spent on the clean-up programmes.

Ministers are insisting the K figure should be no more than 3 to 5 per cent above inflation, whereas the industry believes that a range of 5 to 10 per cent would be much more realistic.

The outcome is likely to be a relatively low K factor, but with the companies allowed to levy additional charges under the "cost pass through" arrangement.

This will allow authorities to charge for costs which at present cannot be estimated accurately, such as environmental improvements sought by the EC, or the introduction of metering in place of charges based on rateable values.

Once the K factors are agreed, there will be a capital restructuring of the authorities' balance-sheets to make them as attractive to investors as possible. Vesting Day, when the authorities will become Government-owned PLCs is September 1, and flotation will be on November 22.

What is alarming the industry is that the estimated cost of meeting the EC's environmental programme far exceeds the original calculation of up to £65bn. Water chiefs now believe the costs will amount to £12bn to £15bn, which will ultimately have to be paid for by the consumer.

Wool textiles 'on target for record overseas sales'

By Alice Rawsthorn

THE WOOL textile industry experienced a rapid growth in exports in the early part of the year, helping to compensate for its sluggish domestic market.

The latest statistics from the National Wool Textile Export Corporation show that the value of wool textile exports rose to £230.5m in the first five months of the year - an increase of 13.5 per cent on the same period last year.

Since the recession of the early 1980s, the industry - based in Yorkshire and the Scottish Borders - has concentrated on the more expensive products that are most suitable for exports.

As a result, wool textiles have emerged as one of the UK's

most successful export sectors. Last year the strength of sterling made exporting much more difficult towards the end of the year.

The rate of export growth has slowed since the beginning of the year, but Mr Geoffrey Richardson, director of the corporation, is confident that the industry will muster record overseas sales of almost £700m - well ahead of the £613m achieved last year.

The buoyant export market is opportune for the industry, which is currently in a difficult position. The uncertain consumer spending outlook and sharp increases in imports have put intense pressure on output and profitability.

Drop in new engineering orders

By Nick Garnett

SALES SECURED by companies in the UK's combined engineering industries, which include electronics, mechanical engineering and vehicle building, failed to show any growth in the three months to May.

New orders declined during the same period, according to figures published in the latest Department of Industry trends survey.

A small rise in the home market was offset by falling exports compared with the previous three months.

New orders for the three months to May fell by more than 8 per cent, though orders on the books of companies during the period were 2.5 per cent higher than in the previous

quarter. Compared with the same three month period last year, sales were 6 per cent higher while new orders were up 7 per cent.

The latest figures appear to indicate a stalling in the growth that was recorded by most engineering-related industries during last year.

In metal goods, mechanical engineering, motor vehicles and other transport equipment, production indices for the past few months were either the same or slightly below those at the beginning of the year. Only in electrical and instrument engineering were the indices noticeably higher.

The latest indicators still do not give a clear overall trading picture.

Sales secured by mechanical engineering companies slid by 3.5 per cent in the three months to May, compared with the previous three months.

New orders, though, were up 13 per cent, mainly because of a rise of more than 20 per cent from the British domestic market.

In electrical and instrument engineering, though, sales were up 4 per cent in the three months to May while new orders were substantially down.

Total engineering sales in the three months to May, seasonally-adjusted, are estimated to have averaged £5.4bn per month, one per cent higher than the sales level in the previous quarter.

Financial adviser for City airport

By Andrew Taylor, Construction Correspondent

MR WILLIAM SHAW, former finance director of BAA, has been appointed by London Docklands Development Corporation to help to resolve problems at the loss-making London City Airport.

The airport is owned by Mowlem, the construction group, which is in dispute with the corporation over plans to modify aircraft noise agreements.

Mowlem is seeking permission to extend its runway to allow a jet aircraft, the British Aerospace 146, to use the airport.

Mr Shaw, a former finance director of De La Rue, the securities printing group, led the financial team which organised the privatisation of BAA, the then British Airports Authority, in 1987.

He has been appointed by the corporation to give advice on ways of making London City Airport more viable.

The airport last year incurred an operating loss of £4.8m, worsened by the temporary suspension of flights to Paris because of air traffic control problems which have since been resolved.

US West joins STC to bid for mobile phone system licence

By Hugo Dixon

STC, the UK electronics group, is teaming up with US West, one of seven regional American telephone operators, to bid for one of Britain's new personal communications licences.

The new group is likely to be joined by Anstrad, the UK consumer, electronics and computer group, which is talking to STC about handling the marketing.

Personal communications networks, the next generation of mobile phone systems, are designed to compete with existing cellular radio networks and with British Telecom's mainstream fixed network.

The Government's promise to license two or three of these operators by the end of the year has excited immense interest because the franchisees are expected to become money-spinners.

Telecommunications companies from across the world have been flocking into London in recent weeks to try to form consortia to win a licence. The link between STC and

US West is significant because STC is one of the few attractive British partners not already spoken for. For political reasons, it is generally accepted that a UK company would have to lead any licence application.

The involvement of US West confirms that American companies will be a major feature of the personal communications scene. The US is the world's largest and most dynamic telecommunications market, so expertise in operating there is considered valuable to any applicant.

Two other main British-led consortia have teamed with US companies. Mercury Communications, the only rival to BT for mainstream telecommunications, is making a bid with Motorola, the large US mobile communications manufacturer. It has been promised a licence by the Government.

Meanwhile, General Electric Company and Plessey have joined forces with BellSouth, another US regional telephone company. This consortium is

considered the front runner for one of the remaining licences.

BT and Racal Telecom have been prevented from applying because they run the existing cellular networks. That leaves STC as the remaining British company with significant telecommunications interests.

Absent from the consortia are telecommunications companies from continental Europe. The Government is keen that there should be strong European participation to ensure that the new system is eventually adopted throughout the region.

All three consortia are looking for additional partners, so it is likely that European companies will end up being involved. Siemens of West Germany and Ericsson of Sweden are mentioned as possible candidates.

Mr John De Feo, chief executive of US West New Vector, the American company's mobile communications subsidiary, confirmed the link-up with STC. STC refused to comment.



Duncan Black: "proper planning must begin now"

Tourism 'at risk from bad transport'

By David Churchill

THE GOVERNMENT'S failure to improve transport facilities may jeopardise the growth of buoyant tourist industries, the English Tourist Board has warned.

On publication of the board's annual report, Sir Duncan Black, chairman, said that "England's attractiveness depends on many major transport issues being tackled effectively."

He singled out two key issues - the transport infrastructure for the Channel tunnel and the lack of adequate parking for tourist coaches in London.

"I urge the Transport Secretary to do all in his power to ensure that the 15m travellers using the Channel tunnel will have swift and easy access to the whole country, whether by road or rail," he said. "Investment and proper planning must begin now."

Black also said that while London attracted about 9m tourists each year, there was still not enough parking for coaches in spite of years of deliberation.

He said the board had urged the Department of the Environment, in its guidance on planning in London, to feature coach parking as a strategic transport issue.

The board's report shows that tourism in England had a record year, with spending by tourists from the UK and overseas up by 5 per cent last year to £11.5bn.

The rise was largely due to more Britons taking holidays in Britain.

Sweeping UK cabinet reshuffle expected

By Philip Stephens, Political Editor

MRS Margaret Thatcher, the UK Prime Minister, will today unveil sweeping ministerial changes in a cabinet reshuffle designed to refurbish the Government's image and to halt its recent slide in the opinion polls.

The reshuffle, which the Prime Minister will announce after a series of meetings with individual ministers throughout the day, will bring to prominence some of the brightest among the younger generation of the present team.

Ministers said last night that Mrs Thatcher wanted to focus on bringing a fresh approach to policies in departments such as the Environment and Transport, and on preparing the Conservative party machine for the next election.

As she finalised her plans yesterday, promotions for Mr John Major, the Chief Secretary to the Treasury, and for Mr Chris Patten, the Overseas

Development Minister, were said to be the key to the changes. In parallel, Mr Kenneth Baker, the Education Secretary, was said to have close colleagues to be considered for his presentational skills would be rewarded with the post of Conservative Party chairman.

The top three members of the Government - Sir Geoffrey Howe at the Foreign Office, Mr Nigel Lawson at the Treasury and Mr Douglas Hurd at the Home Office - all expect to remain in place.

But ministers were predicting that the changes below those three posts, in the middle and lower ranks, would be more sweeping than previously thought likely.

That was taken as a firm indication that Mr Nicholas Ridley would be moved from his present post as Environment Secretary, probably to the Department of Trade and Industry.

But De La Rue immediately said it would continue to rule out giving consideration to an offer from Scitex unless that company could supply support for its claim that there would be no anti-trust problems if it merged with Crossfield.

Mr Jim Salmon, deputy chief executive, said yesterday: "We need to see a letter from their lawyers saying there are no anti-trust difficulties. Until then, we are not prepared to expose sensitive, detailed information to a competitor."

Left-wing union challenges TUC

By Charles Leadbeater, Labour Editor

THE Trades Union Congress' proposals to alter the membership of its ruling general council will be challenged at this September's TUC Congress by a group of large left-wing unions, in a move which could provoke a bitter confrontation over the issue.

Union leaders believe the debate over the general council's membership and political balance will take on an added significance in the run up to the next general election, with the improvement in the opposition Labour Party's showing in the opinion polls.

The move to challenge the TUC's proposals, which were drawn up by Mr Norman Willis, its general secretary, will be led by Nalco, the local government union. It will be supported by the TGWU general workers union, Nupe, the public service union and MSF, the general technical union.

Over the next six weeks, these unions will seek the support of other unions such as the NUR, rail union, the NGA and Sogat, the print unions, and the NCU, the main union at British Telecom.

If these unions support the Nalco motion, they could defeat the TUC's proposals, which the large left-wing unions have criticised for keeping a right-wing majority on the general council.

The Nalco motion says Mr Willis' proposals fail to respond to the need for the general council's membership to be representative.

Despite his proposal that the number of seats reserved for women should be doubled to 12, the plans would still unduly favour small unions, those with fewer than 100,000 members, at the expense of larger unions, the Nalco motion says.

Pension portfolios enjoy bumper half-year returns

By Our Financial Staff

A BUMPER half-year for investment portfolios of UK occupational pension schemes has been reported by the WM Company, which specialises in pension fund performance measurement.

A total investment return of 17.1 per cent, including price appreciation and investment income, is estimated for the 2000-plus sector in the six months to the end of June. Excluding property (some 8.3 per cent of the typical portfolio), the figure is 18 per cent.

Such returns will further strengthen the funding position of pension schemes, although the growth of employee earnings - to which liabilities are normally linked - has been accelerating. The renewed surge in values will tend to counteract recent attempts by the trustees of many pension schemes to shed surplus assets - by granting

BP will move its headquarters to Finsbury Circus

By Paul Cheswright

BRITISH PETROLEUM, the international oil group, is moving from its City of London headquarters back to a building it and Bursmah Oil occupied more than 20 years ago.

It has announced that it is taking a 25-year lease on what is now called Lutyns House in Finsbury Circus, where Greycoat, the property company, has been redeveloping the building behind its old facade.

The terms of the lease have not been disclosed but BP is likely to be paying around £55 a sq ft for the 200,000 sq ft building.

But no deal has been signed. Baker Harris Saunders, adviser to Greycoat, noted the matter had not passed into solicitors' hands. Negotiations have been taking place for six months.

BP's present headquarters, Britannic House on Moorfields, will be redeveloped.

contribution holidays to companies, for example.

Between January and June the best performing asset category was UK equities, where the rate of return was 21.6 per cent. Overseas equities returned 20.5 per cent and UK property returned an estimated 10.6 per cent.

In overseas equities, which now account for some 19 per cent of the typical portfolio, fund managers were right during this period to have weighted their funds towards the US and continental Europe rather than Japan. US equities returned 36.1 per cent to the sterling investor; Japanese stocks a meagre 4.4 per cent.

Pension funds devoted 75.7 per cent of their assets to UK and overseas equities last March, WM reports, but that investment in fixed interest bonds dropped sharply to just 7.9 per cent of the total.

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Scheme to stem skills shortage

By Nick Garnett

THE SHORTAGE of students taking graduate courses in engineering is worsening, forcing some of Britain's biggest industrial companies to consider introducing special pay supplements to boost recruitment.

The shortage of students willing to study engineering and then take jobs in manufacturing has increased sharply over the last year or two. Many universities have begun to recruit for engineering courses school leavers without mathematics and physics A levels, once a virtual requirement.

British Aerospace, the UK's largest manufacturer, exclu-

ding processing companies, is considering a skills supplement for engineering graduates with certain types of training.

Universities complain that some large manufacturers, including BAE do not pay enough to recruit the engineers they need. BAE said yesterday that its salary rates had become competitive.

Some large companies, like GEC and BAE do not have outstanding records in retaining graduates. BAE, which recruits about 850 graduates a year has tended to lose about a half of its intake within two years.

صكنا من الامل

SETTLEMENT OF TAKE-OVER PANEL ISSUES ARISING FROM THE DISTILLERS ACQUISITION.

This announcement sets out the arrangements for implementing the ruling of the Panel on Take-overs and Mergers on the take-over of The Distillers Company plc ("Distillers"). Guinness PLC is to pay certain former Distillers shareholders an extra sum for their shares so that they will receive total proceeds equivalent to 731p per Distillers share or 335.4p per Guinness share.

There is set out (below) a claim form together with terms and conditions and instructions for completing the form.

A claim form should be submitted, by no later than 14 January 1990,

IF:

You owned shares in Distillers on 15 April 1986 and sold those shares on or before 21 August 1986 for less than 731p per share;

OR

You owned shares in Distillers on 15 April 1986 and accepted the Guinness offer of Guinness ordinary shares for Distillers shares and sold the Guinness ordinary shares received on or before 21 August 1986 for less than 335.4p per share;

OR

You owned shares in Distillers on 15 April 1986 and accepted the Guinness offer of cash for your Distillers shares. (If the cash offer was accepted a claim form will have been sent to the person named on the Guinness Form of Acceptance.)

For the purposes of the claim you must have owned your Distillers shares at the opening of business on 15 April 1986.

The amount to be paid to claimants is calculated as follows:-

1. Former Distillers shareholders who accepted the Guinness cash alternative of 630.3p per Distillers share will receive 100.7p per Distillers share, being the difference between 630.3p and 731p.

2. Former Distillers shareholders who owned Distillers shares on 15 April 1986 and who sold some or all of those Distillers shares between 15 April 1986 and 21 August 1986 at a price of less than 731p per share will receive the difference between their sale price and 731p per share.

3. Former Distillers shareholders who owned Distillers shares on 15 April 1986 and who (i) accepted the basic Guinness offer of 5 new Guinness ordinary shares and 516p in cash for every 3 Distillers shares; and (ii) sold some or all of those Guinness ordinary shares between 15 April 1986 and 21 August 1986 at a price of less than 335.4p per ordinary share will receive the difference between their sale price and 335.4p per ordinary share.

Claimants falling within this category who elected to receive either Guinness convertible preference shares or additional Guinness ordinary units in lieu of the cash element of 516p are not entitled to any

payment in respect of any later sale of these securities.

4. Interest will be calculated at the rate of ten per cent per annum and will be paid net of tax on the principal amount of valid claims (1-3 above) up to the date of payment and from, in the case of those who accepted the cash alternative, the date when they received their cash consideration and, in the case of the others, 21 August 1986.

NOTES-

(i) The price of 731p represents the highest price paid by Guinness or any of its concert parties for Distillers shares during the relevant period under the City Code on Take-overs and Mergers.

(ii) The price of 335.4p represents the notional price which a Guinness ordinary share would have needed to reach in order that the basic Guinness offer (5 new Guinness ordinary shares and 516p in cash for every 3 Distillers shares) would have been worth 731p.

(iii) 21 August 1986 was the first day of the earliest period during which former Distillers shareholders had a reasonable opportunity to sell Guinness ordinary shares received under the offer for a price in excess of 335.4p per ordinary share.

TERMS AND CONDITIONS

A. A claim form should be submitted, by no later than 14 January 1990, only if:-

You owned shares in Distillers on 15 April 1986 and sold those shares on or before 21 August 1986;

OR

You owned shares in Distillers on 15 April 1986 and accepted the Guinness offer of Guinness ordinary shares for Distillers shares and sold the Guinness ordinary shares received on or before 21 August 1986;

OR

You owned shares in Distillers on 15 April 1986 and accepted the Guinness offer of cash for your Distillers shares. (If the cash offer was accepted a claim form will have been sent to the person named on the Guinness Form of Acceptance.)

For the purposes of the claim you must have owned your Distillers shares at the opening of business on 15 April 1986.

B. Claims should not be submitted if:-

Your Guinness ordinary shares were acquired other than by acceptance of the Guinness offer,

OR

Your Guinness ordinary shares were acquired by acceptance of the Guinness offer but in respect of Distillers shares acquired on or after 15 April 1986;

OR

Your Distillers shares were acquired on or after 15 April 1986 (including, for this purpose, Distillers shares sold "short" and covered by purchases made on or after 15 April 1986);

OR

Your Distillers shares were sold on 14 April 1986 by way of "early bargains" for 15 April 1986.

C. If you were a beneficial owner of Distillers shares on 15 April 1986 and the shares were registered in the name of a nominee then you should complete and sign the form and send it to your Custodian Agent or Nominee. They will verify that you were the beneficial owner of the shares, and submit your confirmed claim to the Claims Administrator. Payments will only then be made to beneficial owners by the Claims Administrator.

D. If you are a Custodian Agent or Nominee and held Distillers shares on behalf of your client(s) on 15 April 1986, you should submit claim forms on your clients' behalf for each nominee holding. You should attach to the claim forms a listing of the beneficial owners, detailing the number of Distillers shares attributable to each beneficial owner and the number of Distillers shares applied to each of the Guinness offers accepted. You should also support the claim with individual claim forms signed by each beneficial owner providing where appropriate details of any alternative payees and confirming their entitlement and acceptance of these terms and conditions. The beneficial owners' individual claim forms must also be signed by the Nominee as the Registered Holder. Claim forms and further details relating to the submission and processing of Nominee claims can be obtained from the Claims Administrator.

E. Where responsibility for a holding was subject to a Discretionary Investment Management Agreement the claim may be made either by the beneficial owner or by the Discretionary Investment Manager. If the claim is made by the Discretionary Investment Manager it must be accompanied by a Discretionary Investment Management Agreement signed and dated before 15 April 1986.

F. Each Claimant, being the relevant beneficial owner, must sign the form and by signing agrees and warrants to Guinness that:

(a) the information contained in the form and any other documentation relating to the claim is true, accurate and complete and is not misleading and the Claimant is properly entitled to make the claim;

(b) the Claimant will provide such other information and documents as may be required;

(c) the Claimant was not acting in concert with Guinness in connection with the takeover of Distillers;

(d) payment in respect of the claim is in full and final settlement of any claim the Claimant may have as a former Distillers shareholder arising out of the failure by the Claimant to receive a higher cash offer as a result of the breaches of Rule 11 of the City Code on Take-overs and Mergers considered by the Panel on Take-overs and Mergers on 12 and 20 April 1989;

(e) if the information contained or warranted in the form is not accurate and complete or is misleading or the Claimant is not properly entitled to make the claim then the Claimant will repay any amount paid in respect of the claim and will indemnify Guinness against any relevant costs and expenses.

Note: Any Claimant who is in doubt as to the consequences of agreeing to this paragraph should take legal advice.

G. Each Registered Holder must sign the form and by signing agrees and warrants to Guinness that:

(a) so far as the Registered Holder is aware the information contained or warranted in the form and any other document relating to the claim is true, accurate and complete;

(b) the Registered Holder will provide such other information and documents as may be required;

(c) the Registered Holder was not acting in concert with Guinness in connection with the takeover of Distillers; and (d) so far as the Registered Holder is aware the Claimant is the person entitled to make a claim in respect of the shares referred to in the form.

H. These terms and conditions and the claim form are designed for ordinary investors in Guinness ordinary shares and/or Distillers shares. Professionals engaged in the securities markets, whether as market makers, stock lenders or borrowers, or otherwise, should make individual applications to the Distillers Claims Administrator for notification of the special rules which govern their position.

INSTRUCTIONS FOR COMPLETING CLAIM FORM

If you have any doubts as to the action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The paragraph numbers for the instructions below correspond to the Boxes on the claim form. Insert "Not Applicable" in any boxes which do not apply to your application.

1. Complete Box 1 with your full name and address in BLOCK CAPITALS. This is the address which will be used for all correspondence.

2. Enter the names of any other Joint Claimants in Box 2. Payments will be made to the Claimant unless an alternative payee is named in Box 4. If there are Joint Claimants each must sign the form.

3. Enter in Box 3 the name and address of the Registered Holder of your Distillers shares if your shares were held in another name at 15 April 1986 or if your name or your address has changed since 15 April 1986. If your name has changed you should attach proof of your name change e.g. marriage certificate or deed poll. If you were not the person named on your Distillers shares the Registered Holder should provide proof of your entitlement by signing this form or an accompanying letter. If relevant, a power of attorney or probate or letters of administration should be produced. If the Registered Holder was a Nominee enter the name and address of the Nominee.

4. Should you require any payment to be made to anybody other than the Claimant in Box 1, insert their full name and address in BLOCK CAPITALS in Box 4. If not, insert "Not Applicable" before signing the claim form.

5. A separate claim form must be completed for each different named holding (registered holding) of Distillers shares held at 15 April 1986. Enter in Box 5 the number of claims you are making including this claim.

6. Enter in Box 6 the number of Distillers shares owned at 15 April 1986 for the registered holding covered by this claim.

7. All registered holdings will be checked against the Distillers Share Register to ensure claimants were bona fide owners of Distillers shares on 15 April 1986. To facilitate processing of your claim you should provide proof of

ownership of your Distillers shares by attaching any of the following documents:

- contract note
• brokers statement
• tax voucher

Enter a tick in Box 7 under the document types you are attaching for proof of ownership.

If your holding was purchased just prior to 15 April 1986 and you were not registered as the holder at 15 April 1986, it is essential you attach a copy of the contract note for the share purchase (see footnote).

8. If you did not accept the Guinness offer but sold your Distillers shares between 15 April 1986 and 21 August 1986, both dates inclusive, enter in Box 8 details of each sale. You should complete a separate listing if you sold your Distillers shares in more than two sales. Attach contract notes for each share sale (see footnote). Distillers shares sold on 14 April by way of early bargain for 15 April will not fall within this claim.

9. The offers made by Guinness (for every 3 Distillers shares) were:

- i. 5 new Guinness ordinary shares and 516p in cash
ii. 5 new Guinness ordinary shares and 5.16 new Guinness convertible preference shares
iii. £13.75 in cash and 5.16 new Guinness convertible preference shares
iv. £18.91

v. Approximately 6,876 new Guinness ordinary shares. If you accepted the Guinness offer, or had your Distillers shares acquired from you, for the purposes of this claim enter in Box 9 in respect of "Distillers shares for Guinness ordinary shares" the total number of Distillers shares applied to offers i, ii, iii, and v. above, and in respect of "Distillers shares for cash only" the total number of Distillers shares applied to offers iii, and iv. above. The total number of shares in Box 9 and Box 8 should not exceed the number of shares in Box 6.

(Note: the claim will be processed in terms of 5 Guinness shares for every 3 Distillers shares applied to offers i, ii, iii, and v. above, and those who received additional ordinary shares or convertible preference shares in lieu of the cash element or any part thereof of these offers are not entitled to any additional payment in respect of those additional shares).

10. If you accepted the Guinness offer, and received Guinness ordinary shares which you sold on or before 21 August 1986, enter in Box 10 the details of each sale. You should complete a separate listing if you sold your shares in more than two sales. Attach contract notes for each sale (see footnote).

11. In signing the form as Claimant or countersigning as Registered Holder you should ensure that you are complying with paragraphs F and G of the Terms and Conditions.

Footnote: If you do not hold the contract note yourself, you should contact your broker and request a copy be sent to you.

If you wish to raise any queries regarding your claim or your entitlement to claim you should write to the Distillers Claims Administrator at the address below.

Claims should be sent to: Deloitte Haskins & Sells - Distillers Claims Administrator, Suite C, International House, Ealing Broadway Centre, 7 High Street, London W5 5DB. Telephone: 01-566 2266.

DISTILLERS CLAIM FORM

Ref

Before completing this form, please read carefully the accompanying guidance notes, terms and conditions and instructions which are incorporated into and form part of this form. Note that the paragraph numbers on the instructions relate to the numbered boxes below. If you have any doubts as to the action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. PLEASE USE BLOCK CAPITALS

1. Claimant (or First Joint Claimant)

Form fields for Claimant details: Mr, Mrs, Ms, Miss or Title, Surname, Forenames, Address, Postcode

2. Other Joint Claimants

Form fields for Other Joint Claimants: Surname, Forenames

3. Registered Holder (if not Claimant)

Form fields for Registered Holder: Surname, Forenames, Address, Postcode

4. Payee (if not Claimant)

Form fields for Payee: Mr, Mrs, Ms, Miss or Title, Surname, Forenames, Address, Postcode

5. Total Number of Claims

Form field for Total Number of Claims

6. Number of Distillers shares owned on 15 April 1986

Form field for Number of Distillers shares owned on 15 April 1986

7. Proof of Ownership of Distillers Shares Contract note Brokers statement Tax voucher Other

8. Sale(s) of Distillers Shares from 15 April 1986

Table with columns: Date sold, No. of shares sold, Price per share, Broker dealt through

9. Guinness Offer Accepted

Number of Distillers shares applied to offer

Table with columns: Distillers shares for Guinness ordinary shares, Distillers shares for Cash only

10. Sale(s) on or before 21 August 1986 of Guinness Ordinary Shares arising from the offer

Table with columns: Date sold, No. of shares sold, Price per share, Broker dealt through

11. I/we confirm that I/we have read and agree to the terms and conditions relating to this claim, particularly those in paragraphs F and G.

Form fields for signatures: Claimant signature(s), Date, Registered Holder Signature(s), Date

UK NEWS

Water supply is restored to 500,000 homes

By Kevin Brown

THE WATER crisis began to ease yesterday as normal supplies were restored to 500,000 London homes.

More than 100,000 homes in south-east London have been without water for up to five days, and another 400,000 received supplies intermittently.

The shortages came after an increase in demand of up to 50 per cent caused by the recent heatwave and disruption caused by an infestation of larvae at a large London treatment works.

Mr John Budd, a Thames Water Authority manager, said normal supplies were restored to 140,000 customers yesterday and he forecast that most areas would be back to normal today.

"We are now optimistic that almost all those affected will be back to normal supply by midnight tonight although there may still be some localised problems while air locks clear from the system," he said yesterday.

"I must stress, however, that water used for drinking in the affected supply areas should be boiled until we are satisfied that any sediment in the pipes has cleared."

The cut in supplies caused widespread criticism of the authority by consumers, many of whom had seen television commercials promoting the industry's efficiency as part of the run-up to privatisation.

Mr Peter Jacques, Thames Water's customer services manager, said a large number

Thatcher joins outcry over pay for directors

By Philip Stephens, Political Editor

THE Prime Minister has entered the growing controversy over the large pay rises awarded this year to senior industrialists by letting it be known that she believes they are "totally unjustified."

Mrs Margaret Thatcher's views, indicated over the weekend by Downing Street, reflect mounting concern within the Government that directors of big British companies are undermining attempts to prevent inflationary pay awards among their employees.

Mr Nigel Lawson, the Chancellor, who last year cut the top rate of income tax from 60 per cent to 40 per cent, is among a number of senior ministers who have voiced anger at wage awards of 50 per cent and above for senior directors.

Mrs Thatcher was said yesterday to believe that directors should set an example to their workforces. In particular, she is understood to be dismayed by the pay increase of 116 per cent announced this month for Lord King, the chairman of the privatised British Airways.

Lord King has publicly defended his increase, but the view among senior ministers is that he, and other senior executives, should have taken a much smaller rise.

The Government's concern about the possibility of an inflationary wage-price spiral has been fuelled by the strong pressure both within the private and public sectors for pay awards approaching 10 per cent.

Its fear is that the 8.5 per cent offer to rail unions will establish a benchmark for public sector workers, while the 9.6 per cent offer by ICI to its workers could signal that in the private sector settlements may soon edge above 10 per cent.

Mrs Thatcher will also be aware of the Government's political vulnerability on the issue, with the Labour Party already capitalising on what it sees as intense public irritation with large pay deals for the highest-paid.

Earlier this month Mr Gordon Brierley, Labour's Treasury spokesman, produced a lengthy list of recent pay rises for senior executives which showed that many had received post-tax increases ranging from 50 to more than 300 per cent.

Industry begins to sprout in farm buildings

Bridget Bloom finds mixed views on proposals to relax countryside planning controls

IN THE middle of farmland in the heart of Surrey, there is a new, high-tech enterprise: satellite dish aerials are being assembled, packaged and despatched round the country.

About 150 miles away, in south Norfolk, there is a similar development on the edge of a tiny village: here imported meat is being cut and packaged for far-away supermarket shelves.

What the two developments have in common - apart from nuisance value for the locals as heavy trucks trundle back and forth through quiet lanes - is their location in former farm buildings. The Surrey aerial factory is housed in 10-year-old, steel-frame buildings, used originally for livestock. The meat plant uses a refurbished collection of barns in what was once a farmyard. Both have expanded rapidly and may be harbingers of things to come.

In a little-publicised move last May, the Government published proposals to encourage further non-agricultural uses of farm buildings and open farmland.

At the centre of a consultation paper was a proposal to "ease the burden of planning controls on farmers and others, who seek alternative uses for surplus agricultural land and buildings."

Specifically, the Department of the Environment proposes to alter the existing use class, permit use rights, which exempt most agricultural buildings from planning permission, by extending that exemption to a wide range of new activities.



Planners fear that haphazard development will mar rolling country views

The list of new activities includes farm holidays and pony trekking, as well as "equestrian centres and clubs, camping and caravanning, farm shops, craft manufacture, repair and renovation of machinery, country, theme and amusement parks, zoos and safari parks" and a wide range of sports, including "flying, ballooning and parachuting," and "catering facilities in association with any of the above."

Not surprisingly, the proposals have provoked sharply differing responses in the short consultative period which formally ended last month. They have been welcomed by farmers' and landowners' organisations - Mr Gordon Lee-Steele, president of the Country Landowners' Association, greeted them as "a major breakthrough in the fight against farm recession."

Others - such as the independent Council for the Protec-

tion of Rural England - are less sure. If the proposals become law, they will pose the most serious threat to the countryside today, said Tony Burton, a spokesman for CPRE.

Mr Stephen Thwaites and Mr Michael Haslam, in charge of planning in Waverley Borough Council, in Surrey, and in South Norfolk District Council respectively, are well-placed to appreciate the existing pressures for development in the countryside. Both are fearful of the changes which the proposals could bring.

For Mr Thwaites, the aerial assembly plant "goes to the heart of the issue," as an example of what could happen much more frequently if planning controls were eased: the plant was established without planning permission, and is currently the subject of enforcement action.

Mr Haslam and his planning committee see the south Norfolk meat plant as an object lesson of a different sort. Planning permission was given some years ago for what local councillors believed would be more akin to a village butcher's shop than the big plant that has developed.

Although their districts are different, the two men's concerns over the future of the countryside are remarkably similar. Waverley, part of the stockbroker-commuter belt of the rich south-east, is 75 per cent metropolitan green belt and also has areas of outstanding natural beauty - both designations offer considerable protection from development. The best south Norfolk has is a sliver of the Broads national park on its fringes.

However, both areas are already experiencing great pressure for development, as agriculture declines in importance and people and indus-

tries seek to establish themselves in a more congenial rural environment.

The principal threat to the countryside today is identified by both as coming from the smaller landowners or developer on the fringe, rather than from the larger, "gentleman farmer," whose comparative wealth and interest inclines them towards countryside protection.

They fear an increase in haphazard development, whether it is in existing - often ugly - farm buildings, or on open farmland where, for example, farmers strapped for cash sell off small parcels of land and developers, or others hoping ultimately to build residential accommodation, start in a piecemeal way raising geese or keeping horses and thus, says Mr Haslam, "ensure a proliferation of wooden sheds, tin baths, and tinsles to mar the rolling country views."

Both planners insist that their councils are not against development by farmers, reckoning that at least 80 per cent of legitimate applications for farm diversification today are approved. Nor are they sentimental about the countryside, feeling that it must evolve and change.

However, as Mr Thwaites put it, present demands for development are such that "we are sitting on a pressure-cooker. Lift the lid even a little and what you'll get will be one heck of a lot of steam. The trouble is that the countryside is a very fragile resource. Once you've 'developed' it, it's very difficult to claim it back."

Labour urged to cut unions' voting power

By Our Political Editor

A CALL for the Labour Party to act quickly to reduce the power of the trades unions at its annual conferences is issued today in a study published by the Fabian Society.

The study says that recent union mergers have increased the authority of a small number of the largest unions in Labour's policymaking.

In 1987, the four top unions had between them a total of 3.46m votes, well above the 3.2m needed for a majority, and it was conceivable that by the mid-1990s that power could be wielded by just three unions.

The Labour leadership is already looking at ways to reduce the influence of the block vote. One suggestion is that union votes should be linked much more directly to the views of individual party members within those unions.

The Fabian Society pamphlet, written by Mr Tom Wilson and Mr Martin Upham - both of whom have strong links with the unions - rejects the idea that the block vote should be abolished. That would reduce the representation in the party of working people and remove an element of democracy, they say.

The pamphlet puts forward suggestions for reform. They include reducing the unions' voting strength from 90 to 75 per cent, ensuring greater consultation within the unions before block votes are cast, and ensuring that the size of the vote is linked directly to the number in each union paying the political levy.

Natural Allies: Labour and the Unions. Fabian Society, 11 Dartmouth Street, London SW1H 9BN. £2.

Total of complaints about solicitors up almost 15%

By Robert Rice, Legal Correspondent

COMPLAINTS against solicitors rose by almost 15 per cent last year, according to the annual report of the Solicitors Complaints Bureau.

Nearly 25 per cent of the 17,711 complaints received by the bureau related to delays by solicitors and a further 14.96 per cent alleged negligence. Complaints relating to costs and overcharging accounted for a further 10.5 per cent of the total.

A total of 20,514 new matters was referred to the bureau last year, but 15 per cent of these were either requests for legal advice or complaints outside the bureau's jurisdiction about other people involved in the administration of justice, such as magistrates, barristers and judges.

The number of complaints about "shoddy work," or inadequate services, grew by 4 per cent last year and represented some 10 per cent of all complaints against solicitors.

Shoddy work by solicitors in the administration of estates continues to rank highly as a cause of dissatisfaction.

In response to criticism that investigations by the Bureau take too long it has set a conciliation team to handle as many complaints as possible by telephone.

Conciliation officers dealt with 20 per cent of all matters referred to the bureau last year.

A liaison officer has been appointed to gauge "customer satisfaction" with the handling of complaints.

Procedures have also been tightened up so that the bureau can take immediate action against solicitors who fail to reply to its letters while still maintaining the discretion to take further action on the original complaint.

Solicitors Complaints Bureau, Annual Report 1988. 302, Stag Place, London SW1. Free.

Brewers unite to help tackle alcohol misuse

By Lisa Wood

BRITAIN'S largest alcoholic drinks companies have set up an organisation to help tackle the misuse of alcohol.

The unit, which will be formally launched in September, will be headed by Dr John Rae, former headmaster of Westminster School.

The budget for education and research will be initially about £1m a year. Companies subscribing to the initiative include Allied-Lyons, Grand Metropolitan, Guinness, Whitebread, Courage, Scottish & Newcastle, Bass, and Seagram of Canada.

The companies have been meeting informally for some time to discuss alcohol misuse and a growing anti-alcohol feeling.

Scottish CBI director dies

MR John Davidson, Scottish CBI director, has died suddenly aged 58.

Mr Davidson, who died on Saturday, had been director of the Scottish CBI for 10 years and was made a CBE in this year's honours list.

He is survived by a wife and two children.

Forecasters see deficit continuing

By Simon Holberton, Economics Staff

BRITAIN will avoid a recession, but the Government could still find itself with chronic trade and inflation problems in early 1991 as it looks toward an election, according to Warburg Securities' bi-monthly forecast for the UK economy.

Warburg believes the UK's non-oil economy will grow by 3.5 per cent this year and by a further 2.6 per cent in 1990. Manufacturing output will remain buoyant as an increased proportion of it will be exported.

Yet in spite of this relatively optimistic outlook for growth, the UK securities house sees the British economy constrained by a large current account deficit on the balance of payments and persistently high levels of inflation.

The combination of these two factors, it believes, may make it difficult for the Government to use its Budget riches in an electorally favourable way. It characterises its forecast as one in which the authorities continue to "muddle through."

"The electoral cycle is beginning to feature in calculations," it says. "A fiscal stimulus ahead of the poll will

require some inflationary leeway, and assuming Mrs Thatcher wants the option of calling an election from mid-1991, Mr Lawson has roughly 18 months or so to secure it."

Warburg has raised its end-of-year forecast for inflation from 6 1/2 per cent to 7 1/2 per cent to take account of the recent depreciation of sterling and its changed view of mortgage interest rates, which it no longer expects to be lowered.

It believes the underlying rate of inflation, which excludes the effects of mortgage interest payments and rates, will remain above 5 per cent until 1991.

In forecasting this, Warburg has assumed that the current

round of industrial unrest and pay demands does not lead to a 1970s-style "wage-price spiral" that sterling remains broadly stable, depreciating by only 5 per cent over the next 18 months; and that UK industry will tolerate a squeeze on profit margins during the second half of this year and into 1990.

On the outlook for trade, Warburg believes the current account trade deficit will amount to nearly £18.9bn this year. It improves to £14.9bn in 1990, the same level as published estimates for 1988.

Throughout the period, exports of manufactures is buoyant, but so too is imports of manufactures. Warburg does not agree with the Treasury

and other forecasters that much "trade diversion" exports rising and imports falling as home demand slackens - will take place.

It has a fundamentally more pessimistic view of UK trade performance, believing that the UK suffers a structural trade problem. "If the UK produces a different range of products than these which we import - which seems to be the case - then a slowdown in domestic demand in itself has limited short-term relevance for exports," it says.

Optimism among British businessmen has fallen sharply, with sales and profits under pressure, according to a survey of 1,000 businessmen conducted by Dun & Bradstreet International, the business information company.

Hardest hit is the retailing sector, where optimism for sales has fallen 34 points to 25 points and profits 16 points to 35 points between the second and third quarters of this year.

Dun & Bradstreet says the survey results indicate that inflation has peaked but the cost of bringing it under control will be a rise in business failures and an end to falling unemployment.

Tax concession on losses offered to Lloyd's names

By Our Financial Staff

HARD-PRESSED members of loss-making Lloyd's syndicates are being offered a tax concession which will improve their cash flow position.

The move follows difficulties experienced by several syndicates in Lloyd's of London, the insurance market, especially one managed by Mr Richard Outwaite, which is heavily exposed to asbestos-related claims.

For the first time members, or names, will be able to aggregate profits and losses. They will pay tax on the basis of their net income for a particular accounting year from all the successful and unsuccessful syndicates of which they are members.

Previously they have been required to pay income tax on source income from profit-

making syndicates, but have had to wait a year to reclaim tax in respect of loss-making syndicates where they have been required to meet calls for cash.

The Inland Revenue's decision, which has been approved by Treasury ministers, is described as an "extra statutory concession."

The concession will only apply, however, where the total amount of tax deducted at source from a name's aggregate Lloyd's income exceeds £2,000.

Although there will be a cash flow benefit for names facing heavy cash calls, there will be no ultimate cost to the Exchequer because the tax would have been repaid later anyway, together with accrued interest.

Soviet team is shown how to oppose nuclear power

By David Green

MEMBERS of a delegation from the Soviet nuclear power industry flew back to Moscow yesterday after a six-day visit to London and the Hinkley Point C inquiry in Somerset.

The delegation wanted to find out how the UK channels opposition to nuclear power after pressure within the Soviet Union for public consultation. Members were particularly interested in the legal framework for dealing with objections.

The delegation talked in London to officials of the Department of the Environment, the Town and Country Planning Association, and the Council of Tribunals. At the Hinkley inquiry, they met representatives of the Central

Electricity Generating Board and groups opposing plans for the £1.47bn nuclear plant.

Mr Valery Kurochkin, chief designer of nuclear power stations in the Soviet Union, said announcements over the siting of plants had formerly been welcomed in his country. However, since the Chernobyl accident in April 1986, opposition to new power stations had been experienced in most areas.

Mr Kurochkin said the way the West German and French Governments channelled opposition to nuclear power was also being studied.

The Soviet party included Mr Vladimir Tazskiy, director of the Krimiskaya nuclear power station, which is nearing completion on the Black Sea coast but faces strong opposition.

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Nameless unit tries to promote England

Hazel Duffy says a compromise lies behind efforts to woo investment from overseas

THE PLAN to promote England overseas to potential investors - announced at the weekend by the Department of Trade and Industry - is a compromise squeezed out of a tangle of national and regional jealousies.

The "English unit" has not so far been dignified by a proper name. The DTI thought that London in England would be shorted undifferently, and is still searching for a name.

The unit will work within the DTI. The budget will be small - £200,000 a year has been mentioned.

Its job will be to promote England as a whole, and to co-ordinate the marketing efforts of the five English regional promotion bodies which are part funded by the Government.

These cover the north of England, the north-west, West Midlands, Yorkshire and Humberside, and Devon and Corn-

Each advertises the virtues of its region to overseas companies, mostly in Japan, the US and south-east Asia. But it is not the whole picture.

The more aggressive new towns, such as Peterborough, Warrington-Runcorn and Telford, promote their wares overseas, as do some local authorities.

Tales of towns being "done down" by another town in the same region are rife.

The total English effort, however, pales beside the marketing of the Scots, Welsh, and Northern Irish. They have their own development agencies and they have the distinct advantage of a stronger identity than the West Midlands or the north-west of England can ever hope to get over in Tokyo and Chicago.

The IBB (Invest in Britain Bureau), part of the DTI, tries to co-ordinate all this activity.

But it does this for the UK, not

Britain, just to confuse matters. It is the first point of call for investment inquiries, made to its own offices and to British embassies.

The IBB must not be partial towards any region. Its current advertising slogan in the US plays on the Fortress Europe fears: Europe 1992, Britain Now. But there is never a plus for a particular part of the UK.

The new English unit will work in a similar way, although the IBB will still be the first point of call. An English development agency was contemplated, although it would not have had the development powers of the ones in Wales and Northern Ireland. (The future of the Scottish Development Agency is expected to be clarified next week.)

But the regional promotional bodies in England did not want to lose their jealously guarded autonomy within an agency for England.

The Government listened, perhaps because it was unwilling to force through a radical shake-up in the run-up to 1992.

The chief executives of the bodies will be on the board of the new English unit, which will probably be run by somebody who is not now in the civil service.

The DTI is also looking at the funding of the English regional bodies. Two years ago, the plan was to give them the same amount of money as they could raise from companies and local authorities within their regions.

The Northern Development Company has more than matched Government money. Others have been less successful.

Rather than put the marketing of the English regions at risk, an increase in DTI funding could result from the current review. If this happens, it would be a marked change in policy.

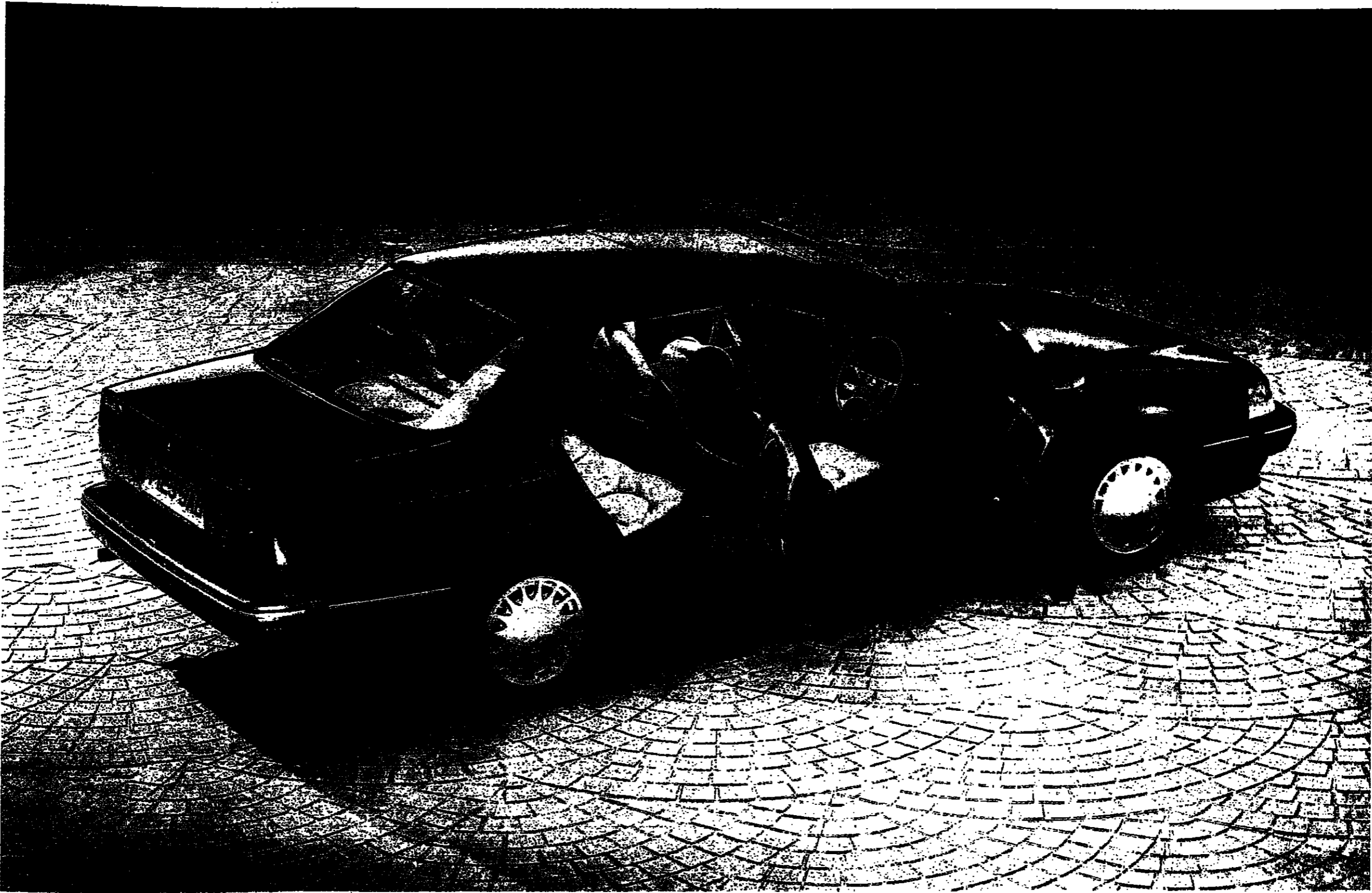
At hearings of the Commons trade and industry committee last year, Whitehall was repeatedly accused of insensitivity to the industry's needs and of widespread failure to adopt up-to-date technology. UK companies argued that the use of outside contractors in France and the US had helped service providers in those countries gain an advantage over their British counterparts.

Because of this emphasis in the UK industry on the use of government contracts to support domestic companies, the choice of EDS is likely to be controversial.

The American group has a big advantage over its UK competitors because of its size - it is the biggest company of its kind in the world, with extensive experience of government work in the US. But it has only been in Britain for five years.

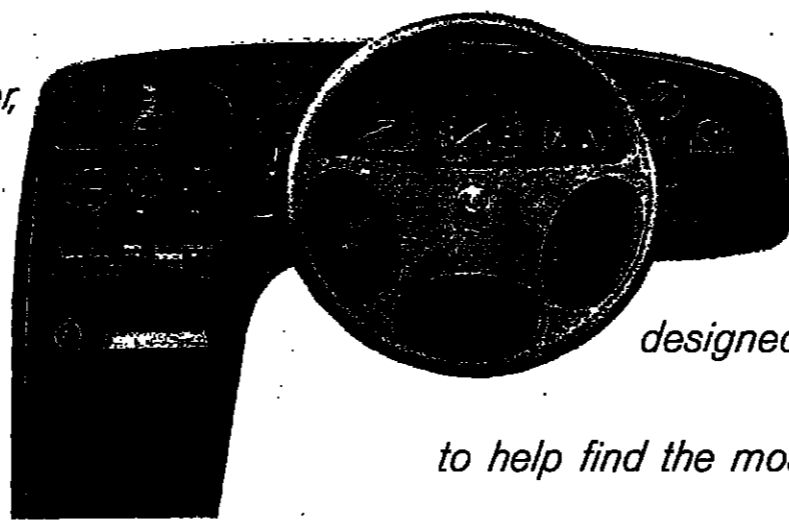
Nevertheless, EDS claims to have developed a large UK workforce of 1,500 in that time, only about 40 per cent of which is employed on work for General Motors.

صكنا من الالعمل



THE DASHBOARD IS THE ONLY THING THAT'S WOODEN ABOUT A SAAB CDS.

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You begin to realise, that when Saab make a luxury car, they don't sacrifice practicality. Nor will you find any compromise

on space. In the USA the Saab CDS is one of only two European cars officially classified as large. The other is a Rolls-Royce. The Saab, however is designed for drivers, not chauffeurs.

As you drive away, you realise that the luxury features of the CDS are not merely cosmetic. Beneath the leather upholstery, for instance, is a seat designed by orthopaedic experts, with five adjustments, to help find the most anatomically correct, yet comfortable position.

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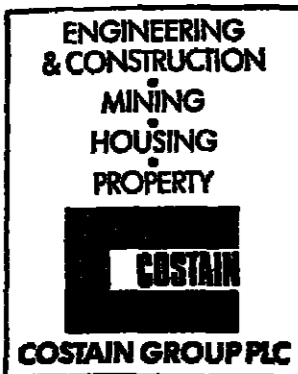
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CONSTRUCTION CONTRACTS



IN BRIEF...

Brighton by-pass project

ALFRED McALPINE CONSTRUCTION has been awarded a £16.8m contract by the Department of Transport to construct the first stage of the A27 Brighton by-pass, a 1.7 km section from Dyke Road to Patcham in East Sussex. Work will include construction of an all-purpose, dual three-lane trunk road and an interchange with the A23 at Patcham. The project is expected to take two years.

SHAND CONSTRUCTION has begun work on a £4.6m contract for the construction of roads and sewers, landscaping and the installation of electrical, gas and water services at Riversway, for Preston Borough Council, for completion early in 1991.

TUSSAC CONSTRUCTION has been awarded four contracts, totalling £5.8m. The largest design and build award is for a £1.0m sq ft industrial business park at Glaisdale Drive, Nottingham.

JOHN SISK & SON has gained two refurbishment and fitting out projects, together worth over £15m. In the Nine Kings Suite, Royal Lancaster Hotel, part of Bank Hotels, demolition and stripping is followed by piling and ground beams for a glazed extension. Then conference and banquet facilities will be refurbished and fitted, including motorised chandeliers and air conditioning, to create one of the largest conference complexes in central London. Completion is scheduled for the end of October. At the Trocadero, Piccadilly, work includes construction and fitting out TV studios, refurbishing Brent Walker Group headquarters, foundations for cinemas, mezzanine slabs for new retail areas, altering staircases and building lift shafts.

DOUGLAS CONSTRUCTION has a £7m contract from Great Hotels to build a three-star hotel in Sutton, Surrey. The five-storey hotel will have 124 bedrooms, conference rooms, a restaurant and bars, plus a leisure centre, and its own two-storey car park.

TERN CONSTRUCTION GROUP won contracts worth over £5m last month, which included a store for Iceland Frozen Foods in Truro, and a car showroom for Nissan UK in Wrexham.

TEY BUILD has orders worth over £5.3m. Work includes 13 bedrooms at the RAF Club in Piccadilly; restoring Old Shire Hall, Reading, to its former splendour for Grosvenor Estates.

European Community tightens rules for awarding orders

By Andrew Taylor, Construction Correspondent

EUROPEAN COMMUNITY rules to ensure public bodies give equal opportunities to foreign and domestic contractors bidding for construction work have been considerably tightened.

The changes to the public works directive, which were approved by the Council of Ministers last week, must be enforced within 12 months. Mr Philip Lee, solicitor with Bristows Cooke & Carmichael, a London law firm which specialises in construction, said the new rules would lead to substantial changes in the way in which public bodies advertised and awarded contracts.

The Building Employers Confederation said it would lead to greater openness in awarding contracts. The changes have been approved by the Council of Ministers ahead of plans to dismantle trade barriers between European Community countries by 1992.

The changes will affect construction contracts worth more than 500m Ecu (£250m) a year. They insist all contracts worth more than 5m Ecu (about £2.5m) be advertised in the Official Journal of the European Community. Previously the limit was 1m Ecu.

The new rules establish

strict procedures which public authorities must follow when putting contracts out to tender. This includes stating in advance whether contracts will be awarded to the lowest tender or the most economically advantageous tender.

Contractors will be able to ask public bodies to give reasons why tenders were rejected. They will be expected to specify products conforming to European or international standards rather than using local specifications to keep out suppliers from other EC countries.

The new rules also provide:

- stricter controls over public authorities which might attempt to split up contracts to avoid having to advertise in the Official Journal.

• a wider definition of what constitutes public works to include organisations which receive more than 50 per cent funds for a project from public funds.

• provisions governing the advertising and awarding of contracts to include public authorities placing contracts for privately financed toll bridges and toll roads.

• require public bodies to give advance notice of any contracts as soon as possible after a planning decision has been

made. The Council of Ministers is also considering tougher measures against authorities which break the new rules. This could include powers to set aside decisions taken unlawfully and award damages to contractors treated unfairly.

Mr Lee said: "The potential for dissatisfied tenderers to challenge the award of a contract is greatly increased. The approach in the UK has previously been very different from other European countries where it is not infrequent for unsuccessful tenderers to challenge contract awards. The damages awarded can be substantial, typically 10 per cent of the contract value."

"Up to now, awards of public works contracts by local authorities in the UK have gone largely unchallenged partly because contractors fear they may be precluded from tendering for future work. The new directive should make such fears unjustified."

Building Employers Confederation says more information can be obtained from the Department of Trade and Industry, or from individual construction industry trade associations.

£40m waterfront scheme at Dudley



Part of a model of The Waterfront - a canal-side offices and shops development at the Merry Hill Centre, near Dudley, West Midlands. TARMAC CONSTRUCTION recently won the contract to design and build the £40m

project for Richardson Developments. The Waterfront development, between a recently formed marina area on the Dudley canal and a proposed leisure complex, is a combination of two, three and four-storey offices with shops

and restaurants overlooking the canal. Work will include underground parking for about 300 cars, access roads and landscaping. The project is about to start and is scheduled for completion in two years.

Building factory units and offices

WILCON CONSTRUCTION has started work on a £3.5m, 52,000 sq ft four-storey office block at St John's Corner, London Road, Leicester.

When completed in July 1990, the building will be occupied by Peat Marwick McLintock.

The block will have a reinforced cast in situ concrete frame on piled foundations with the whole of the ground floor area for car parking.

Above first floor level the building will be brick clad with double-glazed powder coated aluminium windows and curtain walling. The mansard roof will have dormers. The building will be fitted with raised access floors and suspended ceilings. A feature will be a light well descending to first floor level.

Work has started on three contracts in Swindon and Abingdon totalling more than 50,000 sq ft, all due for completion in February 1990.

£15m workload for Mowlem company

R THOMAS CONSTRUCTION, the West Country division of Mowlem Regional Construction, has won over £15m civil engineering and building contracts.

In Wellington, Somerset, a £1.5m order is underway for the infrastructure at Lowmoor Industrial Estate involving access roads, sewers and piled foundations for J. Grant Builders. Work also includes three first stage warehouse units.

Compair Holman has awarded a £1.5m contract for upgrading and development works at Camborne, Cornwall. The project consists of the

demolition of several structures, refurbishment, and construction of a central store, assembly building, spray paint finishing shop and production test facilities.

Two contracts have been awarded by ECC International. The largest, at £1.1m, is for remodelling and installation of private railway sidings at Blackpool Pit, St Austell, Cornwall. The contract includes installation of a weighbridge, slurry loading facilities and internal and external wagon cleaning facilities. The second contract, also at Blackpool Pit, is for a substation.

Construction has started on a steel-framed food distribution centre at the Newbarn Industrial Estate, Plymouth, for Plymouth and South Devon Co-operative Society. The £1.1m contract covers external works and associated drainage.

Work has started on two projects totalling £1.2m for Marine Projects (Plymouth). The larger is for a boat-moulding shop and the second is for a boat-finishing shop.

Also in Plymouth, is a two phase contract, worth £620,000, for Larry Speare, for a carpet warehouse/showroom.

Industrial and office units

At Andlett Drive, Abingdon, the company has negotiated a £1.1m design and build contract to construct nine light industrial/office units in two blocks totalling 23,500 sq ft for Metropolitan Real Property.

Working for Shorke Films at Cheyne Manor, Swindon, Wilcon is building a 13,000 sq ft three-storey conference, canteen and leisure facility in a contract worth £750,000.

Also in Swindon, at Sparcells Drive, Peatmarc, the company is building a 300 seat Chinese restaurant with a green-tiled pagoda-like roof in a contract worth £1.2m.

Hong Kong Multi-storey car parks in the Midlands

GAMMON CONSTRUCTION, owned jointly by Trafalgar House and Jardine Matheson, has been awarded a series of contracts worth in the region of HK\$117m (£9.2m).

The construction services and supplies division has won a HK\$51m term contract (1989-1991) for retrofitting repair and maintenance works supervised by the West Regional Consultants.

New work won by the foundations division includes a HK\$18.3m contract for a diaphragm wall and berretts piles on the North West Kowloon sewage treatment and disposal plant.

Other foundation work includes a HK\$20m contract for the Hong Kong Housing Authority and a bored piling contract for a building at Electric Road.

NORWEST HOLST has won two multi-storey car park contracts in Birmingham and Coventry, together worth more than £8.6m.

In Coventry the company is to design and build a £3.8m 670-space multi-storey car park for the City Council. Sited adjacent to the inner ring road, the in-situ reinforced concrete framed structure will offer parking on eight levels. Elevators will be clad in brickwork with arched openings and feature ironwork grilles to the openings. Work is scheduled for completion next July.

At Birmingham International airport, Norwest Holst is extending a 10-level car park in a £5.85m contract to provide a further 1,200 spaces. The structure will be sited adjacent to the main passenger terminal and will span the main airport road. Access for traffic will have to be maintained by the contractor throughout the contract.

The concrete-framed car park will be clad in precast panels to match the finish of the first phase and the terminal building. The 16-month contract includes lifts, new barriers and gantry signs. The barriers and signs will be controlled from the existing control room.

Range of roofing orders

A £1.32m job on a shopping centre in Watford is among more than £5m orders won by roofing and cladding contractor BRIGGS AMASCO. The Watford contract, for work on the Harlequin Centre development, involves waterproofing and roofing work on the shopping mall and associated multi-storey car park.

Briggs Amasco starts work on site shortly, and will be completing its package towards the end of 1990. Bovis Construction is management contractor for the development, which is being undertaken by Capital & Counties and Sun Alliance.

Other contracts include a

£715,000 package of work at the News International plant in Knowsley, for main contractor Wimpey Construction UK.

At the Craig Park Business Park in Edinburgh, the company has been awarded a £705,000 contract for cladding and roofing work.

The Edinburgh branch is supplying and fixing Modular composite cladding, roofing panels, and built-up roofing for three new blocks: a high technology office unit, a Toys R Us store, and a multi-screen AMC cinema. Main contractor on the development is Rush & Tompkins. Briggs Amasco is part of Tarmac's industrial products division.

AIRBUS MAKES ENGINEERING WORK FOR FINANCIALS



This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any securities. Application has been made to the Council of The Stock Exchange for permission for dealings in the new Ordinary Shares of 1p each and the Convertible Unsecured Loan Stock 1989 of the Company to take place in the United Securities Market. It is emphasized that no application has been made for these securities to be admitted to listing.

Dealings in the new Ordinary Shares and Convertible Unsecured Loan Stock of the Company are expected to commence on 28th July, 1989.

A & M GROUP plc

(Incorporated in England—Registered No. 120227 and to be renamed CITY AND WESTMINSTER GROUP PLC)

Placing and Open Offer
of 107,000,000 new Ordinary Shares of 1p
each at 5p per share payable in full on acceptance
and
allotment of 159,703,314 new Ordinary Shares of 1p
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CITY AND WESTMINSTER FINANCIAL PLC
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Share Capital		Issued and fully paid
Authorised		
Following the Acquisitions, the Placing and Open Offer and the Capital Reorganisation		
£4,500,000	in Ordinary Shares of 1p each	£3,250,000
£5,006,702	in Deferred Shares of 5p each	£5,006,702
£10,106,702		£8,256,702

Reorganisation and Reduction of Capital

A reorganisation of the share capital is proposed involving the creation of a new class of Ordinary Shares of 1p. Subject to the approval of shareholders and stockholders, each of the Ordinary Shares of 1p of the Company now in issue will be sub-divided into one Ordinary Share of 1p and one Deferred Share of 5p. The Deferred Shares will have restricted rights and therefore will be of negligible value. Subsequently, subject to the approval of shareholders and stockholders and to confirmation by the High Court, the share capital of the Company will be reduced from £10,106,702 to £4,500,000 by the cancellation of each of the Deferred Shares resulting from the capital reorganisation. Following the confirmation of the reduction the share capital of the Company will be as follows:—

Authorised		Issued
£4,500,000	in Ordinary Shares of 1p each	£3,250,000

The existing business of the Company and its subsidiaries comprises hiring out period and reproduction furniture and the provision of mobile facilities for the TV and film industries. The business of City And Westminster Financial PLC is the provision of financial advisory services particularly orientated towards small and medium sized publicly quoted companies. Archford Investments PLC is a holding company whose principal subsidiaries are engaged in the supply of computerised multi-user business systems and the provision of consumer advice and protection services.

Particulars relating to the Company are contained in new issue cards circulated by Eitel Financial Limited and in a circular to shareholders and loan stockholders dated 30th June, 1989 copies of which may be obtained during normal business hours, up to and including 28th July, 1989 from the Company Announcements Office of The Stock Exchange and on any weekday (excluding Saturdays) up to and including 11th August, 1989 from:—

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24th July, 1989

MANAGEMENT

Credit du Nord
A tough approach to recovery begins to bear fruit

George Graham explains how the French bank turned itself round from heavy losses

There were fewer employees left to enjoy the good news, but their "out" of relief when Credit du Nord announced its return to profit in 1988 was almost audible.

In 1986 and 1987, Credit du Nord had plunged deeply into the red, and for several years before that, the bank, then under the joint control of the French state and of the nationalised investment bank Paribas, had been one of the worst performers in the French banking sector.

Today, the now privatised Paribas is 100 per cent owner, while Credit du Nord itself has radically trimmed its workforce and its operating costs to return to breakeven.

Many of the bank's problems can be traced back to 1974, when it was created in its present form from the merger of the old Credit du Nord with Banque de l'Union Parisienne (BUP), an old-established investment bank which Paribas had bought, amputated of its share portfolio, from its arch-rival Suez.

The combined group suffered from a heavy structure - too many employees in the centre from the BUP, too many in the branches from the Credit du Nord itself.

Each bank was overweight, neither was a market leader, the marriage of the two was very heavy, comments Bruno de Maulde, the former French representative at the International Monetary Fund who took over as Credit du Nord's chairman in 1985.

De Maulde's analysis of the situation he inherited contained a number of positive points: the ambitious computerisation programme launched by his predecessor, David Dautresme, and Pierre Barberis, then managing director; the refurbishment of the group's branches; a number of new and

talented recruits. On the negative side, however, he recalls the bank's exaggerated cost structure, its inadequate debt provisions, and the bad luck of having to face these problems at the time that the government abandoned credit controls, triggering a surge in competition.

The most positive point, however, was that he found an organisation that was worried and ready for change. "I said we must change, and the message was well received," he recalls.

Efforts to change had already begun in the late 1970s, under the chairmanship of Antoine Dupont-Fanville, and continued in the early 1980s under his successor, Dautresme.

Besides attempting to trim the workforce, Credit du Nord had sought to recover through growth, trying to boost its market share, largely through increased lending, in a bid to justify its heavier cost structure. The policy was in any case difficult to carry out at a time of mounting banking competition and declining margins, but in addition it had brought with it a deterioration in the bank's risk portfolio.

The most dramatic bad risk was the Riboural property development empire, the collapse of which pushed Credit du Nord into loss in 1982. Losses on Riboural totalled around FF500m, and Credit du Nord had eventually to take the company over.

From 1986, a tougher approach to the bank's ill was adopted. The bank had already cut around 1,800 from its workforce between 1974 and 1984,

Table with 7 columns: Bank Name, 1, 2, 3, 4, 5, 6, 7. Rows include Credit du Nord, SNP, Credit Lyonnais, Soc. Generale, CCF.

1 parent company gross operating profit per employee FF income (%)
2 parent company general operating expenses per employee FF income (%)
3 group capital adequacy - first phase (Crest ratio - %)

but over the next three years a series of voluntary retirement programmes cut another 1,000 jobs. Yet by the end of 1987, Credit du Nord's 9,250 employees were still generating only FF22,000 of gross operating profits per head, less than half the average produced by its five major commercial banking competitors - Banque Nationale de Paris, Credit Lyonnais, Societe Generale, the CIC group and Credit Commercial de France.

Personnel and operating expenses ate up FF277 out of every FF2100 of net banking income, compared with an average of FF776 for its five major rivals. The answer adopted by de Maulde and Pierre Simon, who came from the parent Paribas in 1987 to replace Barberis as managing director, was the Plan d'Action Urgence, or PAU. This kill or cure plan sought to cut more jobs, close agencies, curb investment plans and clamp down on general expenses.

"It is quite simple; Credit du Nord had no other way out. So many indicators were flashing red. We had to take radical action to ensure the company's survival," says Jean-Louis Desmadryl, Credit du Nord's controller general, who joined the bank in 1987 with Simon. The workforce, for example, fell by another 1,500 over the course of the year - a major saving, since employment costs amount to two thirds of a bank's total expenditure.

Over the course of the year, 70 branches were closed, mostly in the regions of Picardy and northern France where the group is most heavily implanted, though five new ones were opened, mainly in the Paris region. The investment budget, meanwhile, was trimmed from FF250m to FF150m, by cutting out everything that was not directly linked either to security or to the bank's commercial activities.

Credit du Nord's 1988 general expenses budget, meanwhile, had originally been scheduled to grow by 2.5 per cent to FF719m; the PAU slashed this budget to FF688m. To Desmadryl's particular pride, the final figure for the year was even lower at FF647m.

The starting point of this successful assault on wasteful spending was to instil a new house spirit. "We changed to a state of mind where the Scrooges are in the majority," comments Desmadryl, noting the accumulation of small savings through hundreds of ideas received from the branches: at Dunkerque, FF25,000 a year saved by using rubber bands instead of envelopes when storing accounting documents; in Rouen and Beauvais, FF30,000 a year saved by archiving cheque handling records on computer disc instead of on paper.

The savings achieved required more than incantation, however. The attack was carried through both vertically, by making every head of department or unit responsible for his or her fiercely negotiated budget, and horizontally, by appointing specialists across the group to look at ways of economising on costs such as cleaning services, telephone bills or transport.

Telephone costs were cut by 13 per cent over the year to FF91.9m, though computer transmission costs rose by 10 per cent over the same period to FF32.9m, as the group's heavy computerisation programme took over more activities. Transport costs, meanwhile, were cut by 15 per cent to FF48.4m, through such measures as insisting on second class train tickets for everybody, right up to the chairman.

If Desmadryl shows no inclination to abandon the Scrooges spirit, he recognises, nevertheless, that the PAU cannot remain in place for ever. And de Maulde is keen to shift to a more positive outlook. "We have been too occupied in the

last two years with cutting costs and closing branches to pay enough attention to boosting our development, but there are new investments that we must make now," he says.

Two of the foundations of Credit du Nord's development have already been laid: decentralisation, and computerisation. The computerisation programme will by the end of the year have introduced 6,500 personal computers for Credit du Nord's 7,700 staff - just about one per person, allowing for shift working. "The personal computer has become the ball-point pen for our everyday banking acts," comments Simon, the chief executive.

As important as the internal use of the computer, however, is its extension to customer services. A new program developed by the bank can be made available to customers, through France's Minitel videotext system, within two or three months of its completion.

The system produces many advantages for Credit du Nord itself - it has, for example, cut the number of errors on stock market orders by 97 per cent - but it has also benefited the large proportion of the bank's customers who are hooked up to the Minitel system.

This is especially the case for companies linked to its Norestel service, which can manage their treasury flows more accurately. Credit du Nord now regards its mastery of payments processing as one of its trump cards in winning corporate customers. There are now, however, 130,000 individual customers who subscribe to the Norvideo service.

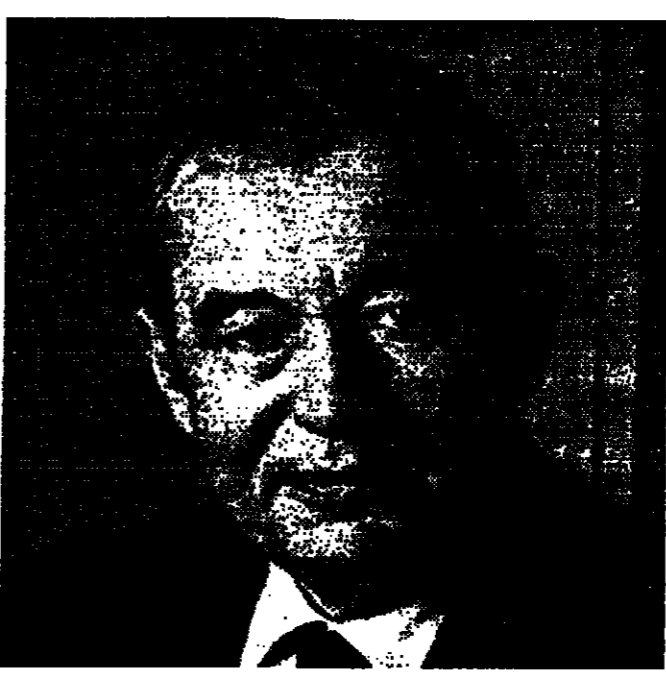
The shift of customers to the Minitel is gradual and largely a function of generation. The younger generations do not go to the bank unless they have a problem to solve, but when they do go they want someone very competent," says Simon.

Decentralisation, meanwhile, has been applied with determination over the past two years. Commercial decisions and responsibility for profits have been devolved to seven regions and two separate regional subsidiaries, and Simon says that only around 350 credit decisions a year are being passed to head office for approval.

Branch and department managers all down the line are now paid partly in line with the operating profits of their unit, with bonuses for meeting profit targets amounting to as much as two months' pay.

In one region, the Rhone-Alpes area of south-eastern France, Credit du Nord faced the problem of having two networks: its own branches, which were making losses, and an inherited subsidiary, the Banque Nicolet Lafanèche et de l'Isere (BNLI), which was profitable.

"We wanted to decentralise and it was clear that we could not have two regional centres. We decided to expand the sub-



Bruno de Maulde: feels he has accomplished about half of his task at Credit du Nord

sidary, rather than absorbing it," says Simon. In 1988, the BNLI made FF3.3m profit, the sum of the two networks was negative.

In 1987, the sum of the two was a profit of FF8m, but in 1988, after their merger to form the Banque Rhone-Alpes, they made FF17.3m. This year Banque Rhone-Alpes is expected to boost its profits by at least another 50 per cent.

This does not mean that Credit du Nord is likely to repeat the experiment. Its other main regional subsidiary, Banque Tarneaud, is alone in the Limousin area with no other Credit du Nord branches with which it might merge, while Simon's experience in the CAC group, a staggered confederation of regional banks, has made him aware of the danger of creating uncontrolled barons.

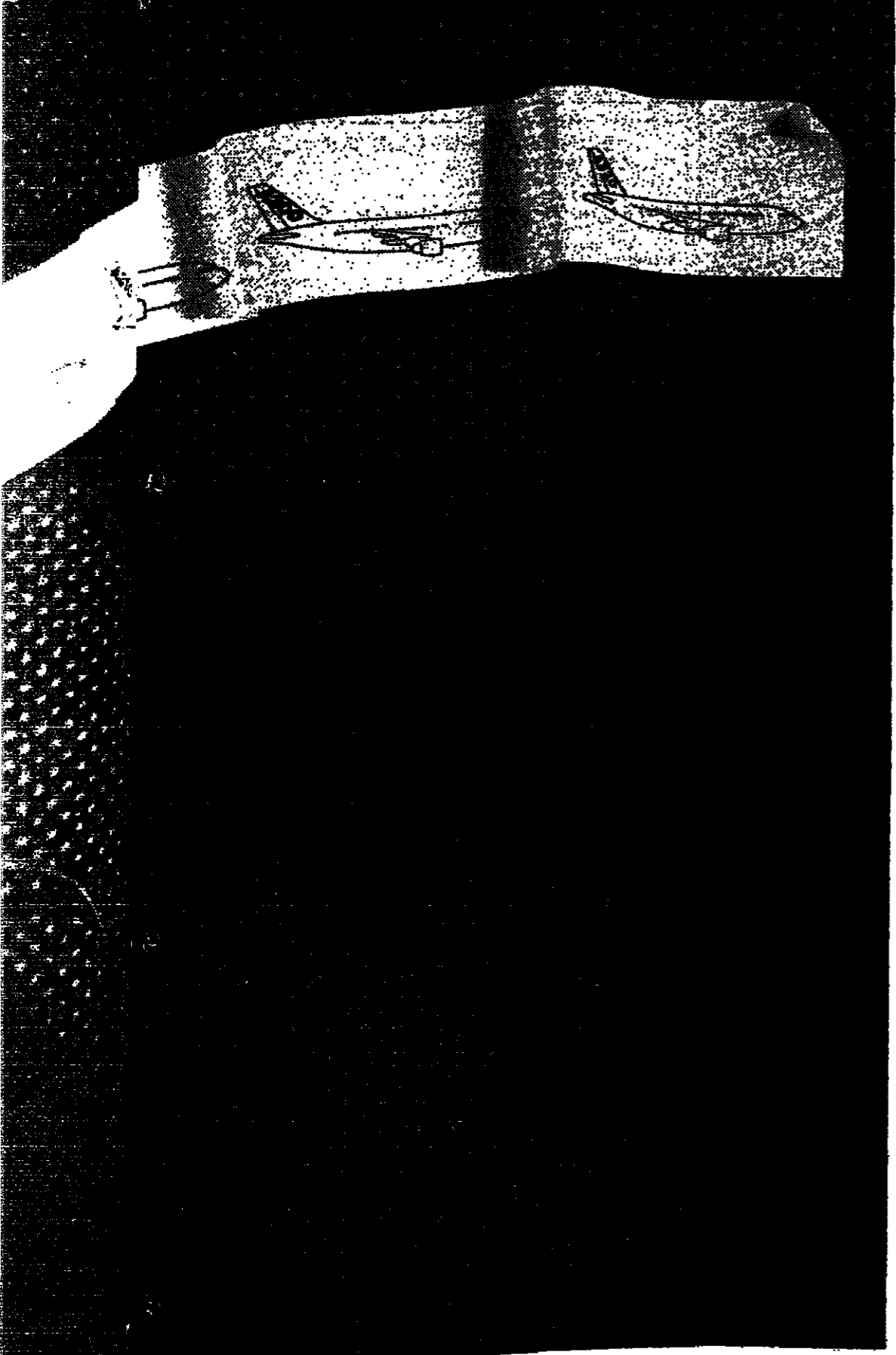
And while the bank is busily decentralising power to its own offshoots, it remains comfortable within the broader Paribas group. "It is a delicious relationship. I am delighted to have a shareholder like Paribas," says de Maulde. He does not think Paribas should remain for ever in a tight control; he welcomes outside partnerships, but insists that it is in the interest of both Credit du Nord and Paribas for the latter to maintain control, and preferably the majority.

At Paribas, meanwhile, Michel Francois-Poncet, the chairman, talks much more warmly of his commercial banking subsidiary now than he did two years ago, and appears to share de Maulde's views on the usefulness of forming an outside alliance through the Credit du Nord.

De Maulde, while grumbling that the erosion of interest rate margins has cost him FF200m a year for the last three years, says that he has accomplished around half of his task. From a gross operating profit of FF450m when he arrived in 1986, the bank progressed to FF650m last year; he is now aiming for FF1.25bn in 1992, or more if the bank's capital is increased in the meantime.

Both Simon and de Maulde express their firm belief in Credit du Nord's future as a universal bank, firmly rooted in commercial banking. "A bank like ours is fundamentally a deposit-taking bank. We have corporate finance and trading activities, but those are accessories. I am convinced that this is an activity with a future, once we have digested the consequences of deregulation," de Maulde concludes.

NEE REQUATIONS ANONES.



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AIRBUS INDUSTRIE



In support of knowledge transfer

Frank McGovern tells Terry Dodsworth why he found working for a Japanese company to be a very enriching experience

One of the arguments for encouraging Japanese investment in the UK is that it exposes British managers to the best practice from overseas. In the long run, it is said, the newcomers will force their British counterparts to adopt those methods which are shown to be particularly effective, and they will train a new generation of British managers who will introduce these systems to indigenous groups.

Frank McGovern, manufacturing director of Technophone, the Camberley-based producer of portable telephones, is a wholehearted convert to this idea of knowledge transfer. Before he arrived at Technophone, a start-up company with a stack of production problems, he had a six-year spell at the Hitachi television plant in South Wales. He describes that period as the most enriching in his managerial career.

"If you are very lucky, you might meet two managers in your career who have a strong enough influence on you to make you change your whole management thinking. At Hitachi, Tadashi Kurose had that kind of impact on me."

McGovern sums up the management methods he absorbed at Hitachi with a compelling footballing image. The Japanese, he says, "have the ability to stand on the ball and see the big picture. They tend to think, in other words, about the entire factory rather than about a single production line, about groups rather than individuals, and more about the entire working environment than a single machine."

"At Hitachi they used to say that equipment was only a matter of pulling out a cheque book. It was more important, they believed, to get attitudes right."

At the same time, he was able to become much more involved in other aspects of management than in previous jobs with British companies. He became one of a six-man executive team with the opportunity of discussing and helping make decisions on financial, marketing and technical issues as well as his in his own production area.

"No issue would ever be decided by just two people. There would be a broad-based discussion on any manufacturing matter, for example, because the managing director was looking for input from the financial and technical side as well. It was consensus management - and when five or six people believed in a thing, the chance that it would succeed were very high."

McGovern decided to leave Hitachi because he saw even more opportunity to express himself at Technophone. "I'm a builder, not a maintenance man. I like situations where things need to be grown and matured."

He has found plenty of scope to exercise those development skills at Technophone, which was suffering from growth pains on its production line when he arrived. The company had only been manufacturing phones for a year or so, and was having great difficulty in both increasing productivity and tackling quality problems - its quality defects rate was running as high as 60 per cent.

One of McGovern's management team, Dennis Darden, describes him as a coach. "We had enthusiasm, but we were young and inexperienced," he says. "Frank gave us new ideas."



Frank McGovern: a builder

"Be Proud of Your Company," or their firm belief in Quality Tomorrow. But there is no doubt about the Japanisation of the production management style.

None of the senior managers, for example, has his own office. Executives are expected to work together, and they sit in an open space area when they need a desk. The shop floor is organised in teams of about six people, and great emphasis is put on communications, quality discussions and production flexibility. New employees go through between four and six weeks' training.

"One of the things that stands out in Japanese factories is the amount of management involvement in the shop-floor operations, and the great effort that is put into problem solving, training, and a continuous effort to improve. Every day the Japanese would ask you if you had any good ideas about how to improve the organisation."

According to McGovern's team, the effect of this approach has been to solve problems such as a hitch in component supply by voluntarily offering to return in the evening and produce the day's quota. And a recent decision to put a new plant in Hong Kong rather than expand at Camberley was accepted calmly, says McGovern.

"Hong Kong is not regarded as a threat because we have explained it," he says. "Our employees see this development as an opportunity to generate more funding for the growth of the group as a whole."



DIARY DATES

Trade Fairs and Exhibitions: UK

July 25-30 British Music Fair (01-730 7852) Olympia
August 17-30 Gifts Fair (0473 622083) Hove Town Hall
August 17-30 Antiques Fair (04447 2514) Kensington Town Hall
August 26-28 Town and Country Festival (0203 636959) Kenilworth
September 3-8 Top Drawer Gift and Decorative Accessories Exhibition (01-727 1928) Kensington
September 3-7 International Autumn Fair (01-855 9201) Olympia
September 5-8 Offshore Europe Exhibition and Conference (01-549 5831) Aberdeen
International Carpet Fair (021-705 6706) Harrogate

Overseas Exhibitions

July 27-30 International Furniture Fair and Woodworking Machinery & Furniture Supplies Exhibition (0494 729405) Bangkok
September 3-9 International Autumn Fair (0375 392222) Leipzig
September 4-9 Show of the Nations Exhibition (01-977 8474) Vienna

Business and management conferences

July 24-25 Frost and Sullivan: Business Intelligence: How to gain and retain a competitive advantage (01-730 3438) London
July 25 Dale Carnegie: 'Results are what count' (01-979 8800) 69 Cannon Street, London
July 31-August 1 The Industrial Society: Managing for involvement and innovation (01-262 2401) IBM South Bank, London SE1
August 2-4 Frost and Sullivan: Evaluating and implementing local area networks (01-730 3438) Brighton

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no changes to the details published

PARLIAMENTARY

Today Commons: Electricity Bill, completion of Lords amendments. Debate on parliamentary pensions. Lords: Local Government and Housing Bill, committee. Motions on Water Act (1989) Orders. Motion on Control of Pollution Regulations. Select committee: Environment subject, contaminated land. Witnesses: House Builders Federation, W.S. Atkins Consultants and Ms Sonia Withers, Loughborough University of Technology. (Room 21, 5.15 p.m.)

FINANCIAL

TODAY COMPANY MEETINGS: Alcon, Institute of Directors, 116, Pall Mall, S.W. 1, 11.30. Clorinda, Centre Point, 105, New Oxford Street, W.C. 1, 11.30. Ebsay House, Savoy Hotel, Strand, W.C. 1, 11.00. Rowlinson Securities, London House, London Road South, Poynton, Cheshire, 12.00. BOARD MEETINGS: Flaxie, Caterpillar Foods, Gode Durant, North of Scotland Inv. Co., Property Ltd. etc.

Proceedings on Continental Shelf Bill. Local Government and Housing Bill, committee. Select committees: Trade and Industry; subject, report and accounts of the Post Office. Witnesses: Officials from the Post Office, National Federation of Sub-Postmasters, National Communications Union and Union of Communications Workers. (Room 15, 10.45 a.m.)

TR Technology 1.5p, Texas Instruments 19c, Wedington (John) 3.5p, TOMORROW COMPANY MEETINGS: Amber Ind., Cayzer House, 1, Thomas More Street, E.C. 12, 2.30. Clorinda, Centre Point, 105, New Oxford Street, W.C. 1, 11.30. Ebsay House, Savoy Hotel, Strand, W.C. 1, 11.00. Rowlinson Securities, London House, London Road South, Poynton, Cheshire, 12.00. BOARD MEETINGS: Flaxie, Caterpillar Foods, Gode Durant, North of Scotland Inv. Co., Property Ltd. etc.

of Lords, 11 a.m.) Committees on private bills: King's Cross Railway Bill. (Grand Committee Room, Westminster Hall, 10.30 a.m.) and Wentworth Estate Bill. (Room 5, 10.30 a.m.) Thursday Commons: Summer adjournment motion. Proceedings on the Consolidated Fund (Appropriation) Bill. Lords: City of London (Spitalfields Market) Bill, third reading. Consideration of the report of the Committee for Privileges on the Barony of Grey of Codnor. Debate on report of EC Committee on Equal Treatment for Men and Women in Pensions. Motions for approval on Northern Ireland Police and Criminal Evidence Orders, Representation of the People Regulations and the Bristol and Black Country Development Corporation Order. Question to Government on restructuring of the Nature Conservancy Council in Scotland and Wales. Committees on private bills: King's Cross Railway Bill. (Grand Committee Room, Westminster Hall, 10.30 a.m.) and Wentworth Estate Bill. (Room 5, 10.30 a.m.) Friday Commons: Debates on the motion for the adjournment.

Rio Estates, Wace, Yeoman Inv. Ltd. DIVIDEND AND INTEREST PAYMENTS: BSE 10p, Bank of Nova Scotia 23c, Brooks Tool Eng. 7.25p, Gen. Inv. Bank of Commerce FRN's 204 £492.1, Elga 1.1p, European Colour 0.75p, Finlay (James) 2.15p, Johnson & Firm Brown 0.8p, Power Screen Int. 3p, Rolfe & Nolan Comp. Services 3.5p, Rowlinson Securities 1.1p, York Tst. 1.7p. FRIDAY JULY 28 COMPANY MEETINGS: Canon, Plasterers Hall, 1 London Wall, E.C. 4, 12.30. Chamberlain & Hill, Merchants House of Glasgow, 7, West George Street, Glasgow, 12.00. Rothmans Int., Grosvenor House Hotel, Park Lane, W. 12.00. Wiggins Grp., Beaufort Court, Admiralty Way, South Quay, E. 11.30. BOARD MEETINGS: Flaxie, Caterpillar Foods, Gode Durant, North of Scotland Inv. Co., Property Ltd. etc.

Senior posts at Pearl

Mr D.W. Davies has been appointed deputy chief general manager of PEARL ASSURANCE and a director of Pearl Group. He was general manager, business and product development, Mr C.A.K. Fean-Smith becomes a non-executive director of Pearl Group from August 1. Mr Douglas Morrison has been appointed managing director of ELECTROLUX DOMESTIC APPLIANCES. He was commercial director. Mr Richard Fellows, Mr Alan Goodwin, Mr Giles Forman Butler and Mr Gary Rickson have been appointed directors of HENDERSON FINANCIAL MANAGEMENT, and Mr David Collingwood becomes assistant managing director. Mr Roger Carroll, personal finance editor of The Sunday Telegraph, becomes a director of GRANDFIELD BORK COLLINS in August, and managing director of a new subsidiary, Grandfield Bork Collins Consumer Finance. Mr Terry Green has been appointed a director of TENSATOR, part of C.E. Industrials. He was sales director of Uniqear. Mr John Stringer, managing director of Wade (Ireland), and Mr Claud Rowley, director of Wade Heath & Co, have been appointed to the main board of WADE POTTERIES. POST OFFICE COUNTERS has appointed Mr David Turnbull as director of finance from July 31. He is head of group business development, Amalgamated Metal Corporation, and succeeds Mr Bryan Lee-Smith who has become finance director of the International Post Corporation in Brussels. SMITFIELD MONARCH has appointed Mr Charles Cameron as group finance director. He was finance director, Bletchley Motor Group. THE BRITISH-AMERICAN CHAMBER OF COMMERCE has appointed Mr Peter Felix as its new president. He is

Chairman of Cheshunt

Mr Michael Davies, vice chairman, has been elected chairman of CHESHUNT BUILDING SOCIETY in succession to Mr Derrick J. Kaye who steps down as chairman but remains a director. Mr Ian T. Dempster, chairman of Sign and Metal Industries, has been made vice chairman. Mr Edward Harris has been promoted to an associate director of BRADSTOCK, BLUNT (SCOTLAND). Mr Richard Carter, formerly director of human resources at LABROKE RACING, has been appointed sales director, a new post. He is direct control equipment. He was president of DCR Inc in Louisville, Kentucky. Mr Anthony Ives has been promoted to commercial director of GEO A MOORE & CO. Mr Peter Franklin has joined the board of REA BROTHERS as director finance and operations. Mr Andrew Elliott (above) has been appointed managing director of BROAD STREET GROUP from September 11. Mr Elliott, who joins from McKinsey & Co, will join the main board and become chairman of the group operating board. Mr Brian Basham becomes group joint deputy chairman, joining Mr Graham Walker. Mr Fernando Gonzalez has been appointed managing director of FIRELLI. Mr Chris Yates (above) has joined BRITISH SUGAR as director of finance. He was European financial controller with Polypenco. Mr Richard Dodson has been appointed managing director of DCE GROUP, designers and manufacturers of dust control equipment. He was president of DCR Inc in Louisville, Kentucky. Mr Edward Harris has been promoted to an associate director of BRADSTOCK, BLUNT (SCOTLAND). Mr Richard Carter, formerly director of human resources at LABROKE RACING, has been appointed sales director, a new post. He is direct control equipment. He was president of DCR Inc in Louisville, Kentucky. Mr Anthony Ives has been promoted to commercial director of GEO A MOORE & CO. Mr Peter Franklin has joined the board of REA BROTHERS as director finance and operations. Mr Andrew Elliott (above) has been appointed managing director of BROAD STREET GROUP from September 11. Mr Elliott, who joins from McKinsey & Co, will join the main board and become chairman of the group operating board. Mr Brian Basham becomes group joint deputy chairman, joining Mr Graham Walker. Mr Fernando Gonzalez has been appointed managing director of FIRELLI.

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CLASSIFIED ADVERTISEMENT RATES

Table with columns: Per line (min. 5 lines), single col cm (min. 3 cm), Appointments, Commercial and Industrial Property, Residential Property, Business Opportunities, etc.

FINANCIAL TIMES CONFERENCES

RETAR FINANCIAL SERVICES London, 2 & 3 October, 1989. After a two year interval this conference is being held again in London and the agenda is remarkably full. The impact of the Single European Market on the retail financial services industry will be the principal theme of the opening day and the outlook in the United Kingdom, where the competition is increasing every day, provides the focus of the second day. Among the speakers are: James Larkin, American Express Europe Ltd; Silvio Maitius, Bundeskartellamt; Charles Winter, The Royal Bank of Scotland Group plc; Charles Green, National Westminster Bank plc; Don McCracken, TSB Bank plc and Peter Sutherland, Chairman Designate of Allied Irish Banks plc. EUROPE AND THE NORDIC COUNTRIES Stockholm, 9 & 10 October, 1989. The Nordic countries are having to adjust to developments in a European Community that is changing much faster than might have been believed possible only a year or two ago. The Single European Market will almost certainly not be completed by the end of 1992 but most of it will be in place. Of the EFTA countries Austria has made its decision to seek Community membership. The Nordic EFTA members have either to do the same or make sure that EFTA-Community relations are developed in a way that does not leave their economies and businesses in the role of acceptors of decisions taken without any opportunity to influence what is decided. At this important point for the Nordic countries the Financial Times has decided the time is ripe for a high level two day conference on EFTA-Community Relations. This will look at government-Community issues with papers by Kjell-Olof Feldt, Swedish Finance Minister; Kalevi Sorsa, Speaker of the Finnish Parliament; Jonas Gahr Støre, Adviser to the Prime Minister of Norway and Thorstein Olfsson, Economic Adviser to the Prime Minister of Iceland. Denmark which is in both the EEC and the Nordic Group will be represented by Niels Helveg Petersen, Minister of Economic Affairs. The aims of business will be discussed by Paava Rantanen of Oy Nokka AB; Harald Norvik of Statoil; Anders Ljungh of Svenska Handelsbanken and Bo Ramfors of Skandinaviska Enskilda Banken. In the last twenty years the Financial Times has at such times held important conferences in and on the Nordic countries. This is probably the most important. WORLD MOBILE COMMUNICATIONS IN THE 90s London, 11 & 12 October, 1989. The explosive growth of the mobile telecommunications industry demonstrates the importance for users of having access to reliable communications on the move. This second FT conference will provide an opportunity for operators, equipment manufacturers, analysts and users to review the rapid changes taking place in the market and to assess the opportunities that are being opened up by the growth of alternative products and services. Contributors include: John Shelby Bryan of Millicom, Roland Mahler of the Deutsche Bundespost, Robert Weissappel of Motorola, Dr Stephan Passalunghi from the Commission of the European Communities, Andrew Glasgow, Marconi Communication Systems and John Cummings, Ferranti Creditphone. All enquiries should be addressed to: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4UJ. Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF G Fax: 01-925 2125

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FINANCIAL TIMES SURVEY



Conference organisers have identified the need for a pan-European grouping to take

advantage of increasing demand and the de-regulation of border controls in 1992. David Churchill assesses these developments and the outlook for the UK industry.

European collaboration

EUROPEAN conference and exhibition organisers, facing buoyant demand for exhibition and conference facilities across the Continent, are preparing to create a pan-European organisation to take advantage of the de-regulation of frontier controls after 1992.

The need for standardisation of safety procedures and electrical and construction materials within the industry. The desirability of collective research to promote exhibitions as a marketing medium. The need for effective representation of the industry's objective's at the Brussels Commission.

Earlier this month representatives from some 40 exhibition organisations from across Europe met in London under the auspices of the UK's newly formed Exhibition Industry Federation to identify the need for such a grouping after 1992.

The worldwide demand from companies and organisations to get together at regular intervals for a conference or exhibition is becoming so great that competition to hold the top conventions is becoming almost as fierce as the scramble to host the Olympics.

The Commission, he said, was willing in principle to contribute funds for projects likely to benefit the industry as a whole.

Hong Kong and Singapore have both invested heavily in recent years in conferences and exhibition facilities to attract the international conventions, especially in an attempt to lure US and Japanese executives to their cities.

The London meeting identified several areas for future pan-European collaboration:

NCR, the computer company, recently chose Hong Kong as the meeting place for its international sales force. Mr Jerry Hall, NCR's director of special projects, says that "of course we were attracted to Hong Kong because of its location but, more importantly, was the new conference and exhibition centre."

Creation of an authoritative and productive European exhibition industry "voice", able to speak and act on behalf of all sides of the industry.

Several factors have fueled the worldwide demand for conferences and exhibitions. Prime among them has been the buoyancy of the world economy in the 1980s which has encouraged the growth of international travel and business activity.

Mr David Michels, sales and marketing vice president of the Hilton International hotel chain, said that it is the Pacific Rim countries which in particular offer new opportunities.

Mr Harry McDermott, managing director of Exhibition Surveys argued that companies should establish their objectives before taking up exhibition space.

The picture of a typical exhibition visitor, according to Exhibition Surveys' analysis of some 4,000 research studies, shows that 5.8 hours are spent per visitor on average at a UK show, with 12 stands visited.

Similar research in the US found that Americans spent longer at exhibitions (7.5 hours) and visited an average of 21 stands.

Such research is a relatively rare commodity in the international conference and exhibition industries, since statistics are fairly hard to come by. Some estimates of expenditure on UK conferences, for example, suggest that about £2bn a year is spent on meetings in the UK. The problem is that while large conferences are easily identified, the many thousands of smaller conferences held each year are not taken into account.

A recent survey of 288 companies which use conferences, carried out by the Queen Elizabeth II conference centre in London, found that product launches and relaunches were the most popular type of conference - accounting for some 26 per cent of the total. This category was followed by sales force meetings (16 per cent) and dealer or distributor meetings (8 per cent).

The UK exhibition industry, however, has attempted to provide some accurate evaluation of its activities. The Exhibition Industries Federation recently produced statistics which showed that expenditure by exhibitors and those attending exhibitions last year totalled £1bn for the first time. Of this, British and overseas visitors to exhibitions held in the UK spent some £475m while attending the 651 main exhibitions held in the UK.

The figures represent a large attempt by exhibition organisers to produce credible statistics about a marketing medium which has traditionally been chosen more by luck than judgement.

"We are now able to satisfy our more demanding clients," claim Mr David Fawcett, chairman of the EIF. "Now managing directors, marketing directors, and advertising agencies can measure the size and growth of our medium."

But the UK conference and exhibition industry still has some way to go to catch up with its continental European counterparts.



International Conferences and Exhibitions

partners has focused the minds of airlines and hotels on the potential for convention business in that region.

In addition, companies from whatever country of origin have increasingly recognised the marketing and communications benefits offered by conference and exhibitions.

Although the growth of telecommunication facilities, would suggest that the days of travelling to conferences and exhibitions is over, this seems far from the case. Most companies and their executives recognise the benefits of actually being together for a conference, either for the motivational benefits of bringing executives together or for the business opportunities that a conference or exhibition offers.

Exhibition organisers, for example, point out that if it costs a company on average £150 for every sales call but only £30 on average to make a contact at an exhibition, then that is a big reason why exhibitions are good value.

UNITED KINGDOM Venues invest to increase capacity

LAST MONTH saw the topping-out ceremony for Birmingham's newest tourist attraction - the £148m International Convention Centre being built in the heart of the UK's second city.

Schools is bringing its annual conference to Birmingham in November 1991. Mr Piers Armstrong, conference organiser, says that "the size and flexibility of the ICC makes it an ideal venue for our conference, especially with the proximity of the new Hyatt Regency hotel."

Although still almost two years away from opening, the purpose-built conference complex will provide the UK with much needed large-scale conference capacity to enable it to compete with the best that continental European venues have to offer.

The ICC hopes that it will quickly prove as popular as the National Exhibition Centre, based just outside Birmingham, which opened in 1978. Its success has led to a £40m investment programme to add three new exhibition halls.

It will cater for events ranging from 30 to 3,000 delegates and include a 2,200 seat symphony hall for the City of Birmingham Symphony Orchestra under its conductor Simon Rattle.

Birmingham is not alone in deciding to invest in new conference and exhibition facilities. The Earls Court and Olympia exhibition halls and conference centre, for example, has not only invested heavily in upgrading its existing facilities but has also expanded its operations.

Given the long lead time for conference bookings, the ICC is beginning to be booked up for the early 1990s. The World Conference on Computers in Education, for example, has just decided to bring its 3,000 delegates to the ICC in July 1995.

Earls Court 2, at 17,000 sq m, will be the largest hall to be built in London for over 50 years. The hall will bring Earls Court exhibition space to 59,000 sq m which, together

Before then, the European Council of International

Continued on Page 3

hours) and visited an average of 21 stands.

Continued on Page 3

Dates that feature in 9 out of every 10 calendars.

1989	
Jan. 30-Aug. 05	7th International Congress of Immunology in conjunction with Technical Exhibition
Aug. 25-Sep. 03	International Audio and Video Fair Berlin 1989 with MediaForum Berlin 1989
Aug. 30-Sep. 01	14th Congress of the European Academy of Allergology and Clinical Immunology 1989
Sep. 17-Sep. 22	27th Overseas Import Fair "Partners for Progress" Berlin (Test Sales/Public Section until Oct. 01)
Oct. 03-Oct. 06	14th German Congress for Perinatal Medicine with specialist exhibition
Oct. 11-Oct. 13	SURTEC Berlin 1989 International Congress for Surface Technology with accompanying exhibition
Oct. 11-Oct. 14	bifro-data Exhibition of the Office Industry Berlin '89
Oct. 11-Oct. 15	bautech berlin '89 Exhibition and Congress
Oct. 16-Oct. 18	43rd German Conference on Business Studies
Nov. 06-Nov. 12	BIGTECH Berlin '89 Forum for Advanced Technology
Nov. 22-Nov. 25	53rd Annual Meeting of the German Society for Accident Therapy
Nov. 25-Nov. 29	ANTIQUA '89 Berlin 18th Sales Exhibition for Arts and Antiques
Nov. 28-Nov. 30	6th International Recycling Congress 1989
1990	
Jan. 28-Feb. 04	International Green Week Berlin 1990 Exhibition for the Food Industry, Agriculture and Horticulture
Jan. 29-Feb. 01	XVIIIth International Film Competition at the Green Week Berlin
Mar. 03-Mar. 06	ITB Berlin 1990 International Tourism Exchange
Apr. 01-Apr. 29	20th FBK Free Berlin Art Exhibition 1990
May 05-May 06	New Businesses Meeting Berlin 1990 Seminars and Exhibition
May 08-May 10	ShowTech Berlin '90 International Trade Fair and Congress Entertainment Technology, Stage Engineering, Equipment, Organisation
May 24-May 27	90. Deutscher Katholikentag Berlin 1990 e.V.
Jun. 05-Jun. 09	Medical Congress Berlin 1990 in conjunction with Pharmaceutical and Medico-Technical Exhibition
Aug. 24-Aug. 28	InduTech '90 Berlin Exhibition for the Investment Goods Market
Aug. 25-Aug. 31	VIIIth International Congress of Virology and International Symposium of Microbiology
Aug. 29-Sep. 01	28th Overseas Import Fair "Partners for Progress" Berlin (Test Sales/Public Section until Sep. 02)

(Subject to alteration: Situation 07/89)



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CONFERENCES and EXHIBITIONS 2

Moss Murray surveys the growing number of international gatherings in Europe

Communication in comfort

CONFERENCES, seminars, meetings, exhibitions and trade displays are becoming the natural commercial, industrial, social and scientific tools to help the European nations communicate with one another as they develop closer ties.

In advance of 1992, countries throughout the Continent are expanding, improving and building new conference centres in which experts and colleagues can meet in comfortable, sophisticated surroundings to discuss and learn about the latest developments which mark the paths ahead in their different specialised fields.

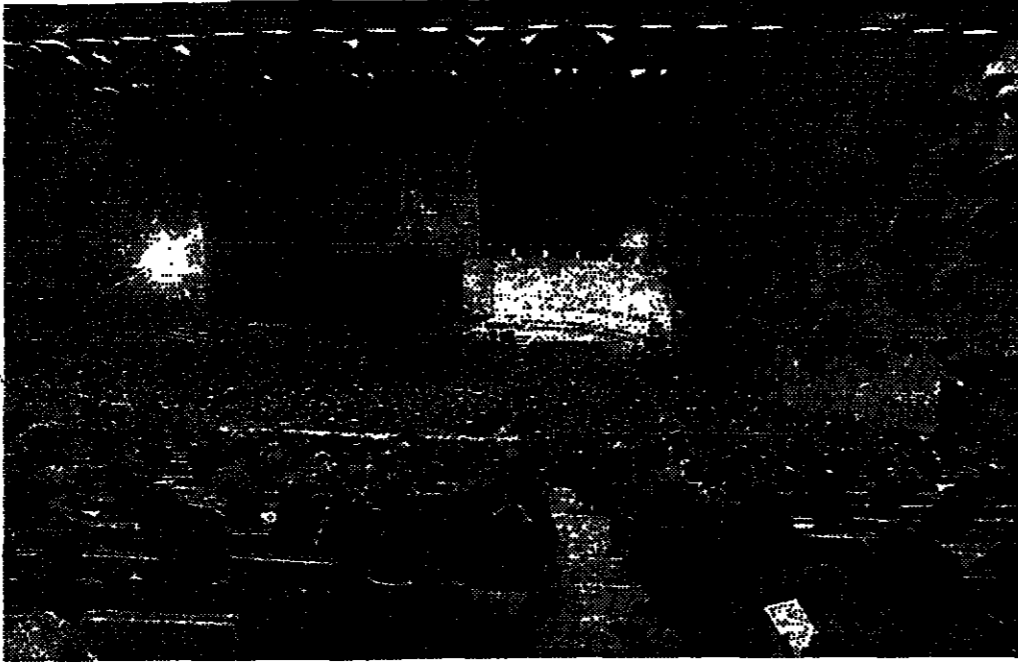
The annual statistical report from the Union of International Associations in Brussels, the bible of the worldwide meeting industry, revealed in its survey for 1988 that 5,001 international gatherings took place in Europe last year, compared with 4,399 a year earlier and less than 4,000 in 1985.

While Britain continued to attract more worldwide get-togethers than any other country, Paris still has the edge on London as the most popular city in which to meet. Last year Paris hosted 334 international meetings with the British capital in silver medal position followed by Madrid, Brussels, Geneva, West Berlin and Rome.

As Mr Geoffrey Smith said in his annual survey for the European Federation of Conference Towns: "Conference activity in Europe was lively in 1988." The fears aroused by outbreaks of terrorism, particularly in Paris, plus retaliatory measures against countries believed to be encouraging violence, as well as disasters like Chernobyl, have been neutralised by the passage of time. The Americans have started crossing the Atlantic again for congresses, conventions and smaller seminars.

But a lesson has been learned. European destinations appreciate the dangers of putting too many eggs into a single basket and depending too much upon North American traffic.

"Marketing directed towards conference planners and incentive travel houses in Europe, the Middle and Far East, Australia, Africa and Latin America has grown... and we are



Paris boasts the Palais des Congrès which seats 3,700 people

the better for it," said Geoffrey Smith.

Pride of place for the surge towards dominance in the worldwide meeting market place in Europe must, in the year when France celebrates the bi-centenary of its revolution, go to Paris.

In the heart of the French capital they have built the impressive CNIT congress and exhibition facility at La Défense, with two auditoriums seating 1,200 and 800, and both equipped with simultaneous translation systems, audio visual equipment and sound studios. A third salon seats 3,700, and there are a further 21 outer rooms for numbers totalling between 40 and 240.

For receptions and banquets there are two multi-purpose halls and a total of 12,000 sq metres for linked exhibitions.

Paris also boasts the monumental Palais des Congrès which looms high in the sky above the city with everything built around a spacious main hall with a seating capacity of 3,700, which can easily be reduced to 1,500.

On the other side of the city is the Cité des Sciences et de l'Industrie, an ultra modern conference centre that has been uniquely designed to satisfy the needs of scientists, engineers and professional managers. The Gaston Berger

amphitheatre provides tiered seating for 930 delegates, while the Louis Armand hall is a 400-seater theatre that divides into two separate rooms each with a capacity of more than 200.

Elsewhere in France there are purpose built venues for meetings at, among other locations, Nice, where the Acropolis can seat 2,500 in its Apollon auditorium, at Cannes which has a convention hall of almost equal size and excellence, and at Lyon, Angers and Nancy. But France is not Europe. Switzerland continues to

little more than half an hour away and can be reached by road, rail or lake steamer.

In Holland the Maastricht convention centre features some of the most advanced technological features in Europe.

There are 25 conference rooms, the largest having accommodation for 3,000. In Amsterdam there is a professional convention bureau, while in the Hague, the Netherlands Congress Centre has opened a new wing with a 750 seat auditorium.

In Scandinavia, Finland has moved into 12th place among the top countries of the world for international meetings, according to figures from UIA. Helsinki, the capital, ranks 14th.

The country's newest and largest congress centre is being built at Tampere and is on schedule for opening in June 1990 with the World Congress on Sport for All. The main salon will have accommodation for 2,000, plus a second auditorium for smaller gatherings of up to 550.

Oslo, too, is planning for the future with a 4,500 seat auditorium being built at the Spektrum. Bergen reported a 33 per cent rise in its meetings business in 1988 and is now planning a new conference centre to make the city still more

competitive in the market place.

Stockholm realised several years ago that meetings mean money in the coffers of the city's hotels, restaurants, shops, boutiques and bars, and this year saw the opening of Norra Latin, a conference centre adjacent to the existing Folkets Hus.

Norra Latin was built in 1980 in the style of the Florentine Renaissance and became one of Sweden's most famous schools. Its role has changed and its five storeys offer facilities for 2,000 people to meet in armchair comfort.

It has 34 meeting rooms. Opposite is the Folkets Hus, which has been renovated, and can accommodate conferences with up to 1,500 participants. Stockholm now has the new Globe, a large domed structure in the city centre which is multi-purpose building for sports, concerts or plenary sessions for as many as 17,000 delegates.

Madrid, in bronze position in Europe behind Paris and London, has re-opened its spacious convention centre and there are, in addition, a dozen excellent venues in the city which continue to attract large and small meetings.

Madrid has three luxury hotels - the Ritz, Palace and Villa Magna - all with excellent meeting rooms - as well as small purpose built conference locations.

Barcelona intends to challenge the dominance of the Spanish capital as it prepares to host the 1992 Olympic Games. A conference centre with 2,000 seats is taking shape in the Olympic village and Hilton International is opening a 300 room hotel, complete with conference salons, in December.

Granada promises a new convention centre for 1990, while Seville has opened a convention and exhibition complex which reminded me, when I was given a preview at the end of 1988, of a modern, but smaller, version of St Peter's piazza in Rome with its half circle colonnade plus a golden domed roof above the main auditorium.

What about the UK? London still dominates the world scene in spite of not having a purpose built convention centre to compare with those in Berlin, probably the finest in the world, Geneva, Strasbourg, Maastricht and Monte Carlo.

The British capital has largely concentrated upon providing facilities and services for medium-sized gatherings rather than the large conventions in deluxe hotels such as the Grosvenor House, Savoy, Inn on the Park and Hiltons. It is a policy that has paid dividends.

Now, however, it is being challenged by Birmingham where the £10m International Convention Centre is ahead of schedule for opening on April 2, 1991.

The centre has 11 halls and has been planned by experts within the industry to meet the needs of those organising conferences for numbers ranging from 30 to 3,000.

The Institute of Water and Environmental Management will be one of the first to use the facilities when they open because, according to IWEM conference organiser, Ms Lavinia Gittins: "We looked at venues all over the UK, but the ICC was the only one which met all our requirements."

The Law Society, representing more than 55,000 solicitors, will move in, in 1992 and more than 450 rooms have been booked at the new 5-star Hyatt Regency which is part of the Birmingham ICC complex.

Stamford in Lincolnshire claims to have the English answer to unusual venues. The Stamford Shakespearean Company has thrown open its doors to the meeting industry by offering Tolethorpe Hall, a 16th century manor house for company-gatherings.

Shakespeare would have approved. The Bard always liked the idea of lively meetings and was, probably, the best speech writer of them all.

G-MEX AND HARROGATE

Niche market plans

WHEN THE G-Mex centre - an imaginatively converted Victorian railway station with 135,000 sq ft of floor space - opened in Manchester city centre in 1986 it was thought it might offer stiff competition to Harrogate, the north's other big exhibition and conference centre.

Yet both places have been doing very well, with only one big switch of business between them that does not really count anyway. This was the Furniture Show, the national exhibition of the British Furniture Manufacturers Association. It started in Manchester in 1959 but went to Harrogate when Belle Vue closed down. It returned home after three years' exile when G-Mex opened.

Last year G-Mex staged 43 exhibitions and expects to beat that in 1989. It is also developing a profitable sideline in sporting contests, rock and symphony concerts and other events. For example, Barry McGuigan made his televised but abortive comeback there this spring in the boxing ring.

Meanwhile, Harrogate - which opened six years ago - is building up to full throttle. This year the International Centre will reach 72 per cent occupancy based on a 365-day year. The maximum allowable is 85 per cent, so as to leave time for repairs and maintenance.

Indeed, Mr Paul Lewis, Harrogate District Council's director of resort services, thinks that the North Yorkshire spa town may even be missing out on rapid growth in the conferences and exhibitions market.

He says: "We have five other halls which were built in 1951 and which are not as good as our new facilities. They are in a complex with three on the ground floor and two others below them. The council is now thinking of replacing them with more modern facilities because we have not got room at the right time of year to take advantage of the growth in the market."

Nationally, there were 180 exhibitions in 1988 which the industry assessed as "major". The figure was at 200 last year, and is growing this year.

Harrogate spent £32m on the International Centre to open in time to catch the boom. The investment has been worthwhile enough to encourage expansion. Research has shown that what is called business tourism is becoming an important plank in the local economy.

The direct spend in the town by people attending exhibitions and conferences is running at £58m a year, supporting 3,500 jobs in the private sector and 80 in the local authority.

Mr Lewis says: "Because we have a powerful means of attracting people who spend quite large sums of money the private sector has invested in hotels, restaurants and shops which would not be here otherwise. This puts money into the local economy and leads to more rates paid to the council."

Harrogate's market is a trade and business one. Although it boasts about its easy accessibility, this does not compare well with Manchester's when it comes to shifting hundreds of thousands of people. Its Bridal Show each February is non-trade, but clearly a niche event.

Harrogate is more generally a place for overnighting at short conferences and seminars, with easy access to the tourist attractions of the dales, York, Bradford's new museums and the moors for accompanying spouses or an extended stay.

Some of its exhibitions have become important events for the industries that stage them, such as its Toy Fair. Harrogate's two fashion shows each year are well established and among the top three or four for the rag trade in Europe.

At G-Mex, Mr Frank Winter, chief executive, is exploiting some unique selling points. One of the most important is Manchester's road, rail and air links.

There are 16.5m people within a 75-mile radius, taking in the whole north-west, much

from public and private sectors, and with the Greater Manchester Council the driving force. When the council was abolished in 1986 its interest was transferred to a property trust, which shares ownership with Commercial Union, the private sector backer.

This private sector support ensured that G-Mex could also get support from other public sources, mainly £2.3m from the European regional development fund. The whole complex was valued at £30m on completion.

G-Mex, which is run by a permanent staff of 19, has not enjoyed an altogether happy relationship with Manchester City Council and, because of its ownership structure, cannot join easily in other projects around it. However, it has been a catalyst for substantial inner city regeneration.

The old Central Station was a wreck used as a car park



Harrogate Conference Centre: known as the Supercentre

fight for share in enough niches to operate profitably.

Manchester Airport, which has international gateway status and a growing list of international scheduled services, is another selling point. It means that G-Mex can compete for international exhibitions.

"We are getting some on the international circuit which will keep coming back every three years or so," Mr Winter says. Textiles and cloth is one example; Papex - staged by the European paper industry - will be at G-Mex this year and will return in the 1990s.

The mixture can therefore be of international, national and regional shows, with a mixture within that of trade and retail marketing. Apart from retailing, shows have covered heating and ventilating, storage and handling, textile technology and machinery, north-west industry, personal computers, caravans and skiing.

G-Mex cost £22m, with fund-

The area around it was run-down and seedy. Six large hotels have opened in Manchester since G-Mex was completed, either refurbishments or new ones.

The city council and the government-backed urban development corporation are negotiating with developers now for a new concert hall and conference centre on adjacent land. Other developments nearby are in hand.

G-Mex is therefore established and playing an important role in regenerating Manchester. Mr Winter says: "Harrogate is in a sense our big competitor in the north but the exhibition business has grown so much in recent years that there has proved to be room for both of us. In many ways, we both work to promote the exhibition and conference industry in the north. Our facilities match up to anything in Europe."

Ian Hamilton Fazey



AUTUMN / WINTER 1989 CALENDAR

World Motor Conference
13 & 14 September - Frankfurt

Retail Financial Services
2 & 3 October - London

FT City Course
9 October - 27 November - London

World Mobile Communications in the 90s
11 & 12 October - London

Re-Regulating Europe's Financial Sector
16 & 17 October - London

Financial Times/Price Waterhouse Capital Markets Workshops
16, 17 & 18 October,
15, 16 & 17 November and
4, 5 & 6 December - London

City Seminar
31 October,
1 & 2 November - London

Business with Spain
6 & 7 November - Madrid

The European Food & Drink Industry
8 & 9 November - London

World Shipping in the 90s
14 & 15 November - Amsterdam

World Electricity
16 & 17 November - London

World Telecommunications
4 & 5 December - London

World Pulp & Paper
12 & 13 December - London

- World Motor Conference
- Retail Financial Services
- FT City Course
- World Mobile Communications
- Re-Regulating Europe's Financial Sector
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CONFERENCES and EXHIBITIONS 3

CANBERRA, the veteran cruise liner from the Falklands Campaign, has just - for the first time - been chartered as an entire ship for a floating conference and exhibition venue.

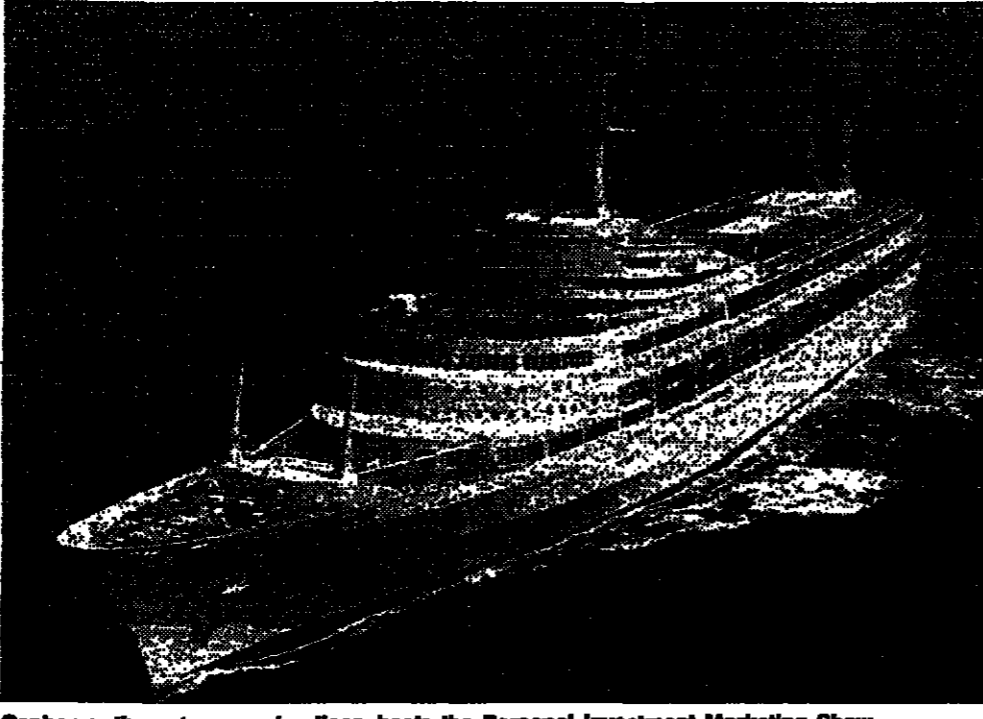
Next June the Personal Investment Marketing Show (PIMS) will be holding its conference and exhibition aboard the Canberra for some 70 leading life insurance and unit trust companies.

"We believe Canberra represents the ideal location for PIMS 1990 as it offers excellent facilities for a focused forum over two concentrated days which will address the strategic issues facing the industry in the 1990s," points out Mr Mark Payne, managing director of PIMS.

PIMS's decision to adopt a floating conference and exhibition reflects the growing popularity of corporate cruising.

Conference cruising has become attractive in recent years for several reasons:

- It is perceived as a luxury trip by participants, even though the cost may be no more than an ordinary conference meeting in a city.
- Costs are more easily controllable since all main charges are included (although not usually personal expenditure aboard or ashore).
- All participants are kept in one place, unlike the usual conference destination where delegates can wander away from the organisers.
- Cruise ships have all the facilities of shore-based hotels, such as restaurants and swimming pools as well as on-board entertainment such as cabaret, gambling, and dancing.
- Cruising is flexible - loca-



Canberra, the veteran cruise liner, hosts the Personal Investment Marketing Show

FLOATING VENUES

Corporate cruising

tions can be varied to suit the conference and days at sea regulated.

Mr David Dingle, commercial director for Canberra Cruises, says that "we have the opportunity to combine in an almost unique fashion, excellent exhibition areas, ideal corporate entertainment, and the ability to retain a captive audience."

"All the factors are provided by one single supplier as a complete comprehensive package which makes organising events so much easier for prospective clients."

The UK financial services group Allied Dunbar has been a firm supporter of cruise con-

Caribbean was a huge success and exceeded all our hopes and expectations," says Mr Patrick Purdon, convention and promotions director for Allied Dunbar.

"We had a long hard look at the options available to us but none came really close in terms of all the numerous facilities, luxury and entertainment that Royal Viking offers."

Not all cruising conferences, however, need be in the luxury class. Scandinavian Seaways, for example, is promoting "business packages" on its passenger ferry routes from Harwich to Sweden, Denmark, and West Germany.

A basic three-day delegate package costs £70, which includes a return sea crossing, two nights accommodation with breakfast and dinner, and a sightseeing trip on arrival at the destination.

"We have spent several millions on refitting our fleet," points out Mr John Crumple, sales and marketing manager for Scandinavian Seaways.

"The ships can provide a useful way of allowing corporate guests to become acquainted with one another in an informal way whilst en route to their final destination."

Cruising conferences, moreover, also need not be on such large ships.

Travel organisers Abercrombie and Kent, for example, have arranged for companies to charter their small luxury barges - complete with heated swimming pools - to sail down idyllic French rivers while senior executives discuss business.

David Churchill

HOTELS

Criticised over prices

HOTELS are at the sharp end of the conference and exhibition business. They are big players in their own right - supplying exhibition and conference space - and are responsible for providing the accommodation essential for any meeting to be a success.

Yet hotels and the executives who use them have something of a love-hate relationship. Hotels are a necessary part of the meetings industry, but many organisers feel they could do better.

A survey of over 300 conference organisers carried out by Peter Rand Conference Placements, venue finding agency, found that only one in five felt that hotels and other venues provided "good value for money."

Many meeting planners, moreover, were dissatisfied with the lack of flexibility in pricing offered by hotels. Some 40 per cent thought that tariffs should vary according to the day of the week, while a third felt that the length of stay

should affect charges.

One in every five of those surveyed also said that final accounts did not correspond to initial quotations and budgets presented by the venue.

But the biggest criticism in the survey concerned alleged over-pricing. Eight out of every 10 felt that hotels and other venues charged excessive bar prices, while two-thirds said that flowers cost too much. Nearly three-quarters of the survey criticised the cost of audio visual equipment.

Hotels are not oblivious to these concerns. "It's the small

however, try to provide complete conference packages for large scale meetings.

Marriott's most innovative move has been the introduction of the No-Risk Meeting aimed at ensuring the success of a conference.

Under this system, every one of its 400-plus hotels has an executive meeting planner responsible for each meeting, no matter how large or small. Marriott guarantees a 24-hour response to special requests and operates a "master billing" system to simplify invoicing.

The Hyatt hotel chain has just launched its "Microcan Brief" aimed at attracting conferences to its newly-renovated Hyatt Regency hotel in Rabat, Morocco. This conference package includes "deluxe accommodation with a suite for VIPs."

The importance of conference business to hotels is reflected in the willingness of large chains to go to virtually any lengths to keep delegates happy. The Mandarin Oriental Hotel group, for example, whose hotels are voted by business travellers among the best in the world, is willing to offer tailor-made programmes for conference delegates.

These include theme parties at the Oriental Hotel in Bangkok, where the hotel restaurant is transformed into a traditional Thai farming village and guests wear village clothing. However, the up-market image is important.

"Getting the right group is essential," says Ms Julia Camp, Mandarin Oriental's regional sales director in the UK.

Luxury hotels such as the Mandarin Oriental Group are not alone in chasing conference business. At the other end of the market, Warner Holidays is also charming conference delegates.

Warner, part of Mecca Leisure, operates 16 holiday camps throughout the UK and has lured such names as American Express, Hogg Robinson, and Lyons Tetley to its camps. Mr Bob Daykin, Warner sales manager for conferences, says Warner had its first conference customer only three years ago.

"I see dramatic growth in the conference business for Warner as more and more people feel ripped off by extortionate rates for poor service in mediocre hotels," he says.

DC



Facilities such as the Ellingham Park gym attract organisers

Investment in venue capacity

Continued from Page 1

with the Olympia facilities, means that total floor space will reach 100,000 sq m - and make it the largest privately owned exhibition centre in the UK.

Earls Court 2 will be situated at the south-west corner of Earls Court and will replace the Pembroke Hall and car park.

Mr Howard Phelps, Earls Court Olympia's chairman, says that "as market leaders in the UK industry - we stage over 50 events a year - our research shows that, given the choice, most people prefer to come to London for their exhibitions."

He adds: "We are confident

that the additional capacity will provide for the increased trade show activity which we may expect to arise from the removal of European trade barriers after 1992.

London's popularity as a convention city was given a strategic lift by the opening in 1986 of the Queen Elizabeth II conference centre close to the Houses of Parliament. The centre staged some 500 conferences and meetings of all sizes last year, including company annual general meetings, product launches such as the relaunch of the Ford Sierra, and sales conferences.

Mr Chris Edwards, the QE II's business manager, says

that conferences are becoming more sophisticated.

"The lecturer with his overhead projector is passing into history and even fairly modest internal company meetings are now making use of professional production companies, with high-tech audio-visual and video presentations," he says.

In addition he points out that participatory events are growing in popularity, especially for sales conferences. "One recent example of this was a carefully orchestrated game show for sales executives, based on the television programme the 'Krypton Factor'."

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FLORIDA

Popular for work and play

FLORIDA is not only one of the most popular long-haul destinations this year for holidaymakers but is also becoming one of the top venues for international conferences both from within the US and from abroad, especially the UK.

Its popularity with conference organisers stems from its accessibility as a conference venue, its climate, and - especially over the past year - the favourable exchange rate against most European currencies.

Conference organisers see Florida remaining a popular destination, although the US dollar is strengthening against sterling.

"It has everything you could want from a conference venue," enthuses one organiser. "It's not too far from anywhere in the US or Europe, it has a good climate most of the year, and it has the world's number one tourist attraction in Walt Disney World."

The Walt Disney company in recent years has increasingly recognised the value of the conference market in making a greater use of its entertainment and leisure facilities at its Walt Disney World theme parks just outside Orlando in central Florida. According to conference organisers this is a marked change from a few years ago when conference groups were not given such a high priority.

"The fact that the readers of 'Meetings and Conventions' magazine in the US continually rate Walt Disney World among the nation's top meetings venues suggests the quality of the meetings that the WDW convention staff can help create," points out Mr Stephen Birnbaum, travel guide editor and author of a guide to the Disney theme parks.

"While other meetings centres may outstrip Walt Disney World in some single area, the total meetings package - accommodations, food, service, diversions, and meeting facilities - has few equals," he adds.

Disney's new approach to conventions means a greater flexibility to help provide extra services. When one meeting of chief executive officers, for example, required an individually controlled microphone for each of its 65 delegates, the Disney sound department designed and executed an elaborate control grid for just that event.

When another group requested a single-slab conference table to seat 30, Disney carpenters built one on site at three days notice.

Disney's flexibility also extends to booking parts of the theme parks exclusively for conference delegates, a change from previous policy. An entire Epcot (the science-based theme park in Disney World) pavilion, for example, can be booked for a single meeting group.

Disney's conference facilities are scattered all over the Walt Disney World area, although the bulk are concentrated at the Contemporary Resort hotel (which is used mainly for large groups) with the WDW Conference Centre designed for smaller meetings.

Disney has a number of

hotels on its property which it runs itself - such as the Contemporary Resort which has a monorail train running through the centre of the hotel. In addition, there are seven other hotels on site, operated by leading chains such as Trusthouse Forte or Hilton.

Disney's new-found enthusiasm for conferences has led to the development of a hotel and conference complex to be completed by the middle of next year. This will add over 2,000 rooms as well as some 200,000 sq ft of facilities.

The downside to choosing WDW as a conference venue is its potential cost.

"While both entertainment and banquet prices at WDW are at least comparable to (and occasionally less than) those elsewhere, the overall package may be too costly for some economy-minded groups," points out Mr Birnbaum. Yet Disney believes the unique

experience it offers at WDW is worth a premium.

Florida's popularity as a conference centre, however, extends to other areas of the state. Tampa, on Florida's west coast, is one of the fastest-growing cities in the US and is making special efforts to boost its conference business.

A \$10m convention centre is to open next year to complement existing facilities, although more hotel development is urgently needed.

Tampa was recently chosen by the National Tour Association, the largest domestic travel association in the US, as the venue for its annual spring conference. Some 1,500 delegates spent three days in the area, including a special night at the Busch gardens theme park, owned by the Anheuser-Busch brewery.

Busch Gardens combines a zoo, safari park, and thrill rides and makes special efforts to attract conference business. Mr Mitch Kirchner, director of conventions for the National Tour Association, says "while we rarely go back to the same place twice we are considering returning to Tampa for our fall convention in 1995."

DC

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LEGAL COLUMN

Self-interest threatens white paper proposals

By Robert Rice, Legal Correspondent

THE REVISED proposals relating to the role and structure of the Advisory Committee on Legal Education and Conduct - outlined in last week's white paper on legal services - have started a fierce debate among lawyers.

Do they or do they not give the four senior judges an effective veto over any rules the professional bodies may draw up covering rights of audience, the conduct of litigation, and the conduct of lawyers?

The original green paper proposal was that the Lord Chancellor's advisory committee on legal education should be reconstituted to form the Lord Chancellor's advisory committee on legal education and conduct. Its main functions would be to advise on the arrangements for legal education and training; the need for schemes recognising areas of specialisation and how specialists should be trained; and on codes of conduct.

Acting on advice from the committee, the Lord Chancellor would recognise professional bodies as competent to authorise individual practitioners as specialists in a particular field, if he was satisfied that they could provide the proper education and training, and exercised sufficient control over their members to ensure that satisfactory standards of conduct and behaviour were maintained and enforced.

The Government also proposed that professional bodies whose members wished to offer advisory and advocacy services would be required to prepare and submit codes of conduct covering these areas to the Advisory Committee for its endorsement. The Lord

Chancellor would set the principles, which would have to be embodied in the codes.

These were the proposals which attracted the most hostility from the profession. The judges and the Bar in particular argued that the functions to be given to the Lord Chancellor, ostensibly in the interests of obtaining greater consistency between standards applied by various professional bodies, represented a significant transfer of power to the Executive from the independent professions and the judiciary - which, as the Bar pointed out, had until now been the sole arbiters of the requirements for advocates in the higher courts.

Under the white paper proposals the advisory committee will now have a "purely advisory" role. Its prime function will be to give advice to all bodies authorised to grant to their members rights of audience, the right to conduct litigation or the right to prepare probate documents.

It will also advise the Lord Chancellor and the heads of the four Divisions of the High Court, Lord Lane, the Lord Chief Justice, Lord Donaldson, the Master of the Rolls, Sir Stephen Brown, President of the Family Division, and Sir Nicolas Browne-Wilkinson, the Vice Chancellor, on "the arrangements for ensuring appropriate standards of competence and conduct in the provision of legal services".

The professional bodies (initially only the Law Society and the Bar Council), the Lord Chancellor and the judges will all be required by statute to have regard to advice from the committee on the discharge of their

statutory functions. The committee's advice will be in public, a point which may become crucial if disputes arise between any of the parties as to what should or should not be allowed.

The change in the role of the committee immediately reinforces the self-regulatory role of the professional bodies by making it clear that they will prepare the regulations and codes

New rules or codes will require the concurrence of the Lord Chancellor and the four senior judges

which will set the qualification standards and practice requirements for advocacy and the conduct of litigation, acting on advice from the committee.

Any new rules or codes will require the concurrence of the Lord Chancellor and the four senior judges before they can become effective.

Both the Lord Chancellor and the judges will be advised by the Advisory Committee in making up their minds.

The spectre of state interference is further reduced by making the advisory committee independent of the Government, running its own proce-

sure and appointing its own members, including its chairman who will be a Law Lord or a High Court judge.

The initial reaction to these proposals was that Lord Mackay had been very clever indeed.

He had drawn the teeth of the judges by bringing them more formally into the regulatory process. However, by making the deliberations and views of the advisory committee public he had made it very difficult for the judges to block proposals which everyone else concerned had publicly approved.

Privately, however, Lord Mackay is said to accept that, although it might be difficult for them to do so in such a public forum, if any one or more of the four judges objects to a rule or part of any regulations drawn up by the professional bodies, that will be sufficient to prevent it from coming into force.

In other words they do have a veto - if they choose to use it.

The use of such a veto would, however, almost certainly lead to judicial review proceedings.

If, for example, one of the judges chose to block rules drawn up by the Law Society governing the rights of solicitors to appear as advocates in the higher courts, the society would almost certainly seek a judicial review of the decision.

It would do so either on the ground that he was in breach of his statutory duty to have regard to the advice of the advisory committee or, alternatively, that his decision was unreasonable on Wednesbury principles - that on the facts as he knew them or ought to have known them, he failed to take

into account all the relevant factors, and his decision was one which no reasonable senior judge, properly directing himself as to his duties, could have reached.

We would then be faced with the embarrassing and somewhat ridiculous spectacle of a High Court judge reviewing the decision of one or more of his senior colleagues.

Whoever side lost the argument at first instance would almost certainly appeal the decision, resulting in costly and potentially lengthy litigation right up to the House of Lords.

Who would foot the bill? The profession would meet its own costs. But if the judges ultimately lost who would pick up their bill? Would it be the taxpayer?

It is not difficult to see that such a situation could quickly degenerate into farce.

The Lord Chancellor says publicly that he is confident that this will not happen.

He, the professional bodies, the judges, and the committee, will work together like gentlemen.

There will be healthy debate, no doubt, but all conducted in public and above board. Already this begins to smell of the sort of compromise we came to expect from the quangos of the seventies.

He may be right, but on the other hand there has been very little in the reactions to the Government's reforms of either the profession or the judiciary so far, to suggest that rational, calm and objective assessment will triumph over naked self-interest.

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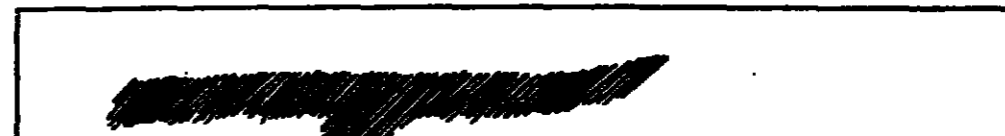
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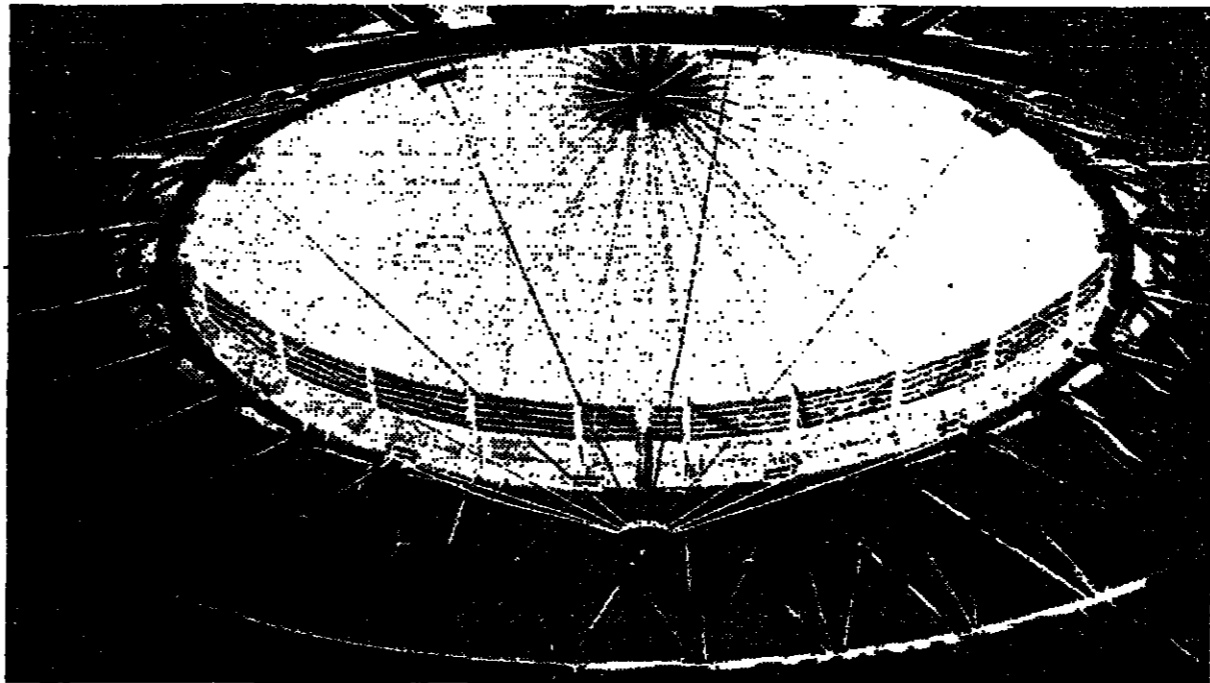
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ARTS

ARCHITECTURE

Competition points the way to a brighter future

Harmony broken out in the architectural world. Certainly last week at the Architecture at Work Awards for 1988...



Roof structure from below: inside Michael Hopkins' factory for David Mellor

Inspired by the more mundane, the original glass holder on the site - also suits the factory for making cutlery designed by Michael Hopkins for David Mellor.

make progressive buildings entirely acceptable. As architect to the V&A, he plans to remove much of the bad treatment of the past that has so damaged the museum's buildings...

courtyard into a roofed, five-storey speciality shopping centre by architects Hugh Martin & Partners, is a triumph. It avoids all the cheap fakery so often associated with shopping malls...

spent beyond the corporate image. Zola would have understood the sensuous possibilities for shopping centre designers - to make "a Temple to woman with a legion of shop assistants burning incense before her."

The business park has the potential for the mixture of work, leisure and landscape facilities on a scale that makes it a threat to the urban environment. Why sit in the Underground or sweat in the City when you can stroll among the trees and lakes of Stockley Park near Heathrow?

This year's Architecture at Work Awards show a remarkable spread of ideas and styles. Above all, the four schemes singled out by the jury demonstrate that quality rises above style and that the architectural future looks bright.

Colin Amory



John Wood

The Man Who Came To Dinner

BARBICAN

This pièce à cliff is perhaps the best of the peerless comedies that resulted from the playwriting partnership of Moss Hart and George S. Kaufman.

deployed this season as Prospero - what a double! to its full range, at times recalling the mellifluous sea-lark of Rex Harrison - by a happy coincidence present in the stalls on the first night.

In addition he was rude; very, very rude. Few people greet their friends automatically with "Hello, repulsive."

The play still makes a marvellous read. On the second of two consecutive American first nights given by the BBC this week, it makes a slightly less marvellous evening in the theatre.

This is epitomised by John Wood in the role of the morose secret who slips on the doorstep of his provincial dinner hosts during a lecture tour and, immobilised in a wheelchair, proceeds to make life hell for them.

These remain the great star-turns: the thinly disguised tributes to Noel Coward, Harpo Marx and - well, name your gold-digging female star.

Martin Hoyle

Paul Taylor

SADLER'S WELLS

The second programme by the Paul Taylor Dance Company contains three new works plus one of his earliest jollies, the Three Epitaphs, which finds creatures from the Black Lagoon having a whale of a time.

The fascination of the rest of the bill, seen last night, is in observing how constant are the themes that permeate all of Taylor's imagination for many years and how consistently inventive and fresh is the way in which he deals with them.

Without stressing the analogy too far, there seems a similar sense of spatial relationships, a comparable clarity of texture and aginess of musical response, between Taylor's Bach and that of Balanchine in Concerto Barocco.

Taylor offers a central and marvellous quartet of Christopher Gillis, Cathy McCann, Kate Johnson and Mary Cochran, set against a male chorus. Magnificent contrasts of energy and dynamic weight; a slow movement for Gillis and his three handmaids which is like a gloss on Apollo; these reveal Taylor's formal mastery and also hark back to the great exemplar of these gifts for our century, Balanchine. The point needs no more labouring: Brandenburgs is a triumph.



Cathy McCann and Jeff Wadlington in 'Speaking in Tongues'

There follows an example of Taylor as social commentator. Speaking in Tongues is a disturbing exercise, ambivalent in its attitudes towards popular religious experience and, at a first viewing, ambiguous in content.

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Clement Crisp

The Promenade Concerts

ALBERT HALL/RADIO 3

Industrial action kept Friday's opening of the 1989 Promenade Concerts from its now traditional place on our television screens, though the Radio 3 relay went ahead as usual.

BBC 2 viewers missed little; it was not the most electrifying of occasions and the usual Proms enthusiasm was only slowly kindled.

As a concert lodged somewhere unprominently in the season it would have passed with modest approval, but as the curtain raiser to the most substantial of all music festivals it seemed distinctly sublimic.

Esä Pekka Salonen conducted the BBC Symphony, his first outing with the orchestra, in a programme that half suited him well. The half that didn't, Beethoven's Fourth Symphony, began proceedings, led off with exaggerated care by Salonen, but subsequently veering between mannered, rota-learned rubato and headless over-excitement.

Each Prom season so far in the Drummond era has had a theme. This year it is myth, and a concert performance of Stravinsky's Oedipus Rex was chosen to begin the thread.

Salonen's set of soloists was excellent. Both Philip Langridge's agile, stylish Oedipus and Felicity Palmer's Jocasta, vivid, fervent, pushed at the very stylistic confines of this curious "opera-oratorio", while the Queen of Gyrene, Aage Haugland, caught the same dramatic excitement well. Tom Fleming provided a calm, poignant narration.

But their dramatic grip was hardly reinforced by conducting, which seemed more confidently assertive when controlling the chorus (the men from the BBC Singers) than in shaping constructive accompaniments to the solo singing.

Salonen is an elusive, frustrating figure, capable of extremes of excellence and triviality. This Oedipus, part of the repertory in which he has built a solid reputation, reached neither pole, but settled for something altogether less convincing - generalised responses, reasonable orchestral accuracy and absolutely no sense whatever of the implacable unfolding of one of the greatest of 20th-century musical rituals.

"The sense of an occasion, of performers finding something in reserve for a Prom at least sufficed Saturday's event, a visit to the Albert Hall by the Royal Liverpool Philharmonic under its current Principal Conductor Ibor Pešek.

The RLP has made great strides under Pešek's watchful charge and every aspect of their concert showed a renewed care and involvement.

In the Sea Interludes from Britten's Peter Grimes one gracefully tolerated some lack of finesse for the sake of the attack and theatricality with which each piece was invested, just as in four of the symphonic poems from Smetana's Vltava the lack of depth in the string tone hardly diminished the sense of scale which Pešek brought to the music - genuine symphonic breath even to such standard warhorses as "Vltava" and an almost Lisztian passion to "Sarka" and "Blanik".

Other productions to be seen at Covent Garden are by

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Martin Hoyle

ARTS GUIDE

MUSIC

London

The Proms. Works by 114 composers will be heard during this year's Promenade Concert season, which opened at the weekend and continues until September 16. Most concerts take place at the Royal Albert Hall, though St Paul's Cathedral, English National Opera and the Kennedy Town Hall are also used.

This week's concerts include the Chamber Orchestra of Europe conducted by Nicholas Harnoncourt playing Haydn, Mozart and Beethoven on period instruments (Mon). The BBC Symphony Orchestra conducted by Leifer Kaganski with Alfred Brendel playing Mozart's Piano Concerto No.23 (Tue); and two appearances by the BBC Welsh Symphony Orchestra under conductor Esa-Pekka Salonen, with Esa-Pekka Salonen playing the Piano Concerto No.23 (Wed) and the Piano Concerto No.23 (Thu).

Paris Festival Estival

Clarinet concert, with Jean-Michel Chabrier, Colette Ocelot (clarinet), Georges de la Momme (piano). From Brussels, Frankfurter, Händel, Shostakovich (Mon), Auditorium des Halles.

Brussels

National Day Concert, fireworks and festivities, Parc de Bruxelles (Fri). Zygmunt Kowalski (violin) and Robert Redelisi (piano) playing sonatas by Beethoven, Franck and Mozart (Mon). Chapelle des Bragettes.

Amsterdams National Youth Orchestra of Belgium, conducted by Dirk Brossé, with Rigo Missens (cello), Erosse, Egan, Massé, Bordin (Mon).

Vienna Wiener Hofburg Orchestra conducted by Gottfried Hauser. Miscellaneous operetta and waltzes. Kreuzhaus (Tue).

Haydn Stamatisa Wlana conducted by Michael Morgan. Haydn, Hoffmeister, Mozart. Grosser Redoutensaal (Mon, Wed). Salomon String Quartet. Haydn, Mozart, Schubert. Grosser Redoutensaal (Tue).

Rome

Soviet Radio Orchestra conducted by Vladimir Fedoseev playing Tchaikovsky, with violinist Victor Picharev at an Exhibition (Thu). Piazza del Campitoglio. (654104).

Buenos Aires Festival. A homage to a major Italian contemporary composer, Luciano Berio, by the Ensemble Villa Medici, conducted by Frederic Ducoux, playing Berio's O King (1987) for voice and six instruments, Frederic Ducoux's Marges II (1989), and recent works by De Villiers and Thierry Lancelotti (Wed). Piano recital by the Argentine pianist, Marta Argerich. Palazzo Farnese (Thu) (French Embassy) (145776 or 554401/2).

Siena Chamber music concerts in the Val d'Orcia, July 22-August 2. The Incanti in Terra di Siena are now in their second year. Dedicated to the memory of the novelist Italo Calvino and his husband Antonio. Organized by the novelist's daughter, Benedetta Origo Crea and her cellist grandson, Antonio Leydi, the five concerts will take place in the gardens of the medieval fortress, the Castelluccio di Pienza, the Palazzo Piccolomini and the Palazzo Dell'Azzeola at Sinalunga, with the added pleasure of dinner in the gardens afterwards (at a cost of £50,000 [\$83] provided by the nearby Locanda Dell'Amorena). The remaining concerts (July 24, 27, 30 and August 2) feature Jeremy Mennhin and Susan Tones (piano), Charles Andre

Linale and Stephanie Gorley (violin), Roger Chase and Roger Chapping (violin) and Antonio Lopez and Eduardo Vello (cello). Details (0878 64050/765105).

New York Mostly Mozart Festival Orchestra of St. Lukes conducted by John Nelson with Kathleen Battle (soprano), Bach, Mozart, Haydn (Mon); Festival Orchestra conducted by David Zisman with Vladimir Spivakov (violin) and Maria Jono Pires (piano). Haydn, Mozart (Tue, Wed). Chamber music featuring Vladimir Spivakov (violin) and Maria Jono Pires (piano). Mozart programme (Thu). Avery Fisher Hall (574 2424).

Washington Fred Wazing US Chorus. Porter, Gertrude, Rodgers, Koomoch. Center Concert Hall (Tue) (254 3776).

Chicago Ravinia Festival. Kronos Quartet. Glass, Terry Riley, Reich (Mon); Pinchas Zukerman violin recital with Marc Nelkar (piano). Stravinsky, Beethoven, Turu Takemitsu, Robert Fuchs (Tue). Highland Park (726 4642).

Tokyo Dang Thai Song (piano), Josef Suk (violin), Taryoshi Furusumi (cello), Suk, Dvorak, Tchaikovsky. Suntory Hall (Mon) (565 1010). Osaka Symphony Orchestra conducted by Takashi Asahina. Mahler. Suntory Hall (Thu) (289 8998).

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Defeat for Japan's LDP

Japan's ruling Liberal Democratic Party has worked hard during the past two years at repeatedly disgracing itself in the eyes of the public; its efforts were rewarded yesterday with a defeat in national elections. The LDP has lost its majority in the upper house of the Diet (parliament) for the first time since it was formed in 1955.

Partial elections to the upper house are not normally much more than psephological footnotes. But these are far from normal times in Japan. The LDP defeat in the upper house elections at the hands of Miss Takako Doi's Japan Socialist party is momentous because it suggests a political sea change. Japan may well be moving towards a more pluralistic democracy after 34 years of LDP domination. Most important, the momentum for change is coming not from the parties and politicians but from the public.

There will now be clamour from all the opposition parties for an early general election. The present term has degenerated into a fiasco with a spate of scandals combining to make successive Cabinets derided at home and abroad.

Since the LDP's landslide victory in the 1986 lower house election, (in which Miss Doi's party scored its worst result), it has become clear that the limits of public tolerance have been exceeded. The peeling away of layer after layer of corruption involving huge payments to politicians in the Recruit Cosmos scandal was made worse by leading politicians' attempts to hoodwink the public.

Scandal tainted

Mr Noboru Takeshita, the Prime Minister, was tainted by the scandal and had to resign in ignominy. The public's patience finally gave way when the party was unable to find anybody financially respectable enough to replace Mr Takeshita, except the weak and unknown Mr Sosuke Uno, who was promptly compromised by his involvement in a *gesha* scandal.

Women voters played an important role in the weekend's result. Miss Doi is a woman in a male world and

A last chance for Kampuchea

A MEETING begins today in Paris which will determine whether Kampuchea continues to be the most battered of the world's newer independent states or whether it can finally move towards security and growth. The odds are not good. But the fact that this is the last chance to try to draw up a peaceful formula before forces leave Kampuchea in September may just possibly concentrate the minds of some of the more mercenary and despotic players.

Today's meeting is between Hun Sen, leader of the Vietnamese-backed Government in Phnom Penh, and Prince Norodom Sihanouk, the erratic but undisputed leader of the coalition of Kampuchean resistance parties. Later this week they will be joined by the leaders of the other two resistance groups, Mr Son Sann, a moderate former Prime Minister, and Mr Khieu Samphan, the latest front man for the Khmer Rouge, whose brutal regime under the leadership of Pol Pot killed more than 1m people in four years until the Vietnamese invaded in 1978.

This week's meetings are designed to find enough common ground on the framework for interim arrangements after the Vietnamese withdrawal to enable an international conference of about 20 states, including all members of the UN Security Council, at the end of the month, and also in Paris, to agree on measures to make the transition stick until elections can be held.

Khmer Rouge

The aim this week is to agree on the nature of a transitional administration and, crucially, on what role the Khmer Rouge should play. The problem for the latter international conference is to decide how to underpin such a government and whether it can be acceptable at all if it includes any Khmer Rouge representation.

Behind all the posturing the four Kampuchean factions have come far in the past year. Since President Mikhail Gorbachev indicated he wanted a settlement and instructed the Vietnamese to withdraw, the Kampuchean have been obliged to talk to each other.

Charles Leadbeater reflects on the UK's wave of industrial disputes

Two long hot summers will stand out in the political and industrial history of Britain in the 1980s.

In 1984 those in employment were about to enter the period of well-being which paved the way for the Tories' election triumph in 1987. That politics of prosperity was underlined by the start of the popular privatisation campaign, with people swarming to buy shares in British Telecom.

But most memorable were scenes of striking miners doing battle with mounted police on the fields outside the besieged Orgreave coke works. The Government's campaign against union power reached its high point with the attack on the 1984-85 miners' strike as backward-looking, undemocratic and against the public interest.

Compare the Government's sense of confidence, authority and purpose in that summer with events this year. The comfortable sense of prosperity is being nibbled away by rising inflation and interest rates, and by the prospect of slowing growth. In contrast to the popularity of the BT flotation, water and electricity privatisation are beset with difficulty.

Most recently, the Government has failed to reap the political returns it has come to expect from industrial disputes, despite a wave of strikes from rail to docks, broadcasting and local government. But has the summer of 1989 marked a lasting change in the political and industrial climate for the unions?

The crisis which has withered the unions in the early 1980s had three main components: the legal changes constraining their ability to call strikes; the Government's political onslaught on the legitimacy of union developments with a series of industrial and economic changes.

These changes included the decline in manufacturing employment in the regional heartlands of trade unionism, the growth of part-time and self-employment in the service sector, a new management assertiveness, and the intensity of competitive and market pressures.

In the main disputes this summer - on the railways and in the docks - the National Union of Railworkers and the Transport and General Workers Union are both defending traditional industrial cultures.

Although they have navigated their strikes through the courts and rebuffed sustained political attacks, both unions have not potentially costly misjudgments. The NUR has risked losing the public sympathy it unexpectedly won, by pressing ahead with strikes despite British Rail's improved 8.8 per cent offer and substantial concessions on collective bargaining. The painstakingly planned docks strike seems to be crumbling in the TGWU's hands.

So we are not witnessing the birth of a new unionism for new times. Nevertheless the unions' renewed confidence is more than a temporary, cyclical upturn in response to falls in unemployment, rising skill shortages and a changing economic climate.

The unions' accommodation to the legal constraints of the 1980s has been their most obvious adjustment. The docks strike was preceded by the most detailed pre-strike legal preparation any union has undertaken in the 1980s. That marks not only a developing sophistication among the unions, but a political change too.

Pre-strike ballots and the courts' role in disputes has meant that the legal process has taken on an increasingly important role in determining the public interest and the acceptability of strikes. Unions which follow the law can now claim not only legal protection but a degree of political legitimacy for their actions.

This is just one aspect of a wider change in the political context for dis-

Disputes this summer

Rail:
NUR planning sixth national 24-hour strike for next Wednesday.
Aslef and TSSA accepted 8.8% offer.
BR made significant concessions on proposed changes to collective bargaining machinery.

Docks:
National strike over claim for national agreement to replace the abolished dock labour scheme.
Started July 10th.
5228 dockers on strike, 1941 working normally, and 2000 taken redundancy.

Local government:
500,000 white collar workers on rolling strikes over 7% pay offer and plans to decentralise collective bargaining.

BBC:
Lighting strikes over imposed 7% pay offer.

Engineering:
Unions representing about 800,000 engineering workers to ballot workers at 12 target companies over national claim for 35 hour working week.



Unions play by the new rules

The reason for the failure is that it has been much more difficult for the Government to show that the unions are acting against the wider public interest: the unions are not out on their own.

Just as the health strikes last autumn were generally seen as indicative of deeper problems within the health service, so the rail dispute is seen by many as part of a malaise affecting public transport, particularly in the south-east.

The rail workers' demand for a pay rise of more than 7 per cent is a symptom of the increase in inflation.

The Government has failed to reap the returns it has come to expect from industrial disputes

and interest rates which have affected most people. These increases set the climate for the strikes by 500,000 local government white collar workers, to whom a 7 per cent offer has been made, and by staff at the BBC, where management and union negotiators reached agreement last night on an 8.8 per cent across the board pay increase.

The rail strike has confirmed the Government's problems with the management of the public sector. In December 1988 Mr Nigel Lawson, the Chancellor, set the chairmen of nationalised industries a 7 per cent pay target. That unofficial pay policy was breached in May by the 9.2 per cent pay settlement in the electricity industry and more recently by the 8.8

per cent offer at British Rail.

This may mark the third stage in the politics of the unions in the 1980s. During the first, from 1979 till the 1984-85 miners' strike, the unions attempted to challenge the Government and lost.

Then followed a period when the unions kept their heads down and their unpopularity declined markedly till successive opinion polls found that less than 5 per cent of the population thought union power was a major issue.

Starting from the Ford national strike of last year, which was followed by the health workers' revolt, the present disputes may represent a third phase, in which unions can enter the fray with Government with an equal chance of claiming public support.

Underlying this political shift have been industrial changes which could provide an enduring basis for a measure of renewed union confidence.

The structural changes of the early 1980s - redundancies in manufacturing, the introduction of new technology, the shift to part-time employment against the unions. But these pressures have now abated with the fall in unemployment, mounting skill shortages and the prospect of a tight labour market in the 1990s because of the decline in the number of young people. This has helped to stabilise the union membership and strengthened the unions' bargaining position.

Another structural change - employers' unwillingness to raise manning levels - has also started to work in the unions' favour. As a report published today by Incomes Data Services, the pay research com-

Present for the Pope

After hesitating for three months, Pope John Paul has reluctantly accepted President Houphouët-Boigny's offer of the largest basilica in Africa. Modelled on St Peter's in Rome, Our Lady of Peace was built at a cost of FF900m in Yamoussoukro, deep in the heart of the Ivory Coast and birthplace of the octogenarian Head of State. Yamoussoukro is also, at least in theory, the political capital.

The basilica has been widely denounced in the former French colony as an old man's "folie de grandeur", and a "monument to pride". It boasts among its statistics 25,000 square feet of hand-made stained glass windows, air conditioning and space for 18,000 worshippers inside and another 350,000 outside. Apart from the cost of the building, the upkeep is estimated at FF8m a year.

Houphouët-Boigny was a convert to catholicism in his teens, and always wanted to build something to match St Peter's, even though only about one fifth of the Ivory Coast's population is Christian.

For the rest, Yamoussoukro boasts a an 18-hole golf course and an airport built to handle a Concorde. Its population is about 30,000 and industry is banned.

Another West African country - Nigeria - is building a mosque on the same sort of scale as the Ivory Coast basilica in its new administrative capital of Abuja. It will be the largest outside Mecca.

Tokyo model

Japanese journalists covering the British general election in 1987 went home concluding that the British and Japanese political systems had much in common. There was no great change in prospect. The British Conservatives, like the Japanese Liberal Democrat

Protectionist

The single European market still has its limits - at least as far as the British armed forces are concerned.

One of the 30 French students who visited the recent London Recruitment Fair with the intention of taking advantage of 1992 was rebuffed when she applied to join the Army.

The applicant was told she was unable to take the Queen's shilling because of her nationality. Despite her protests that if the Army was willing to accept the Welsh, Scots and Irish, why not the French, she was eventually forced to look elsewhere for a career.

Mining tremor

One of the best-known people in the mining industry, David Williamson, who built up a formidable team of mining and metals analysts for Shearson Lehman Hutton, part of the American Express financial services group, is the latest victim of the City of London shakeout.

Williamson seems to have been on the losing end of a power struggle which began about nine months ago when Shearson hired Stuart McLean from Credit Suisse First Boston in London to be head of equity research and, according to insiders, to take a hatchet to costs.

At its height, Williamson's

Royal reading

The summer reading list for the British Royal Family includes How to Grow Old Disgracefully by Hermione Gingold, the second volume of Alister Horpe's official biography of Harold Macmillan and Hugo Young's excellent book on Mrs Thatcher, One of Us. There are also Roy Foster's tome, Modern Ireland: 1600-1972, Philip Larkin's Collected Poems and John Le Carré's new novel, The Russia House.

For the young royals, there are Can't You Sleep Little Bear by Martin Waddell, My Big Brother by Phillida Gill, and The Way Things Work by David Macaulay, an architect whose book is described as "perfect for those who find technology intimidating".

At least those are among the recommendations of the Book Trust, a charity which every year presents the Queen with a small library prior to her departure for Balmoral. Lead sponsors are the Arts Council, Pearson plc and W H Smith. The books will be delivered to Buckingham Palace on Thursday.

French lesson
Never say *oous* to a goose.

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Protectionist

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At its height, Williamson's

very close to it says: "McLean's view is that all analysts should move the market every time they pontificate. That's just not possible in the metals markets."

Williamson says he is leaving "very amicably." But he adds: "We have a new head of research and have taken a new look at things. My team has become reduced somewhat and left me unable to do what I wanted to do."

He wants now to get closer to the mining industry again, "perhaps by joining a board or two", and will remain a consultant to Shearson. His first job in this capacity will be to organise a major mining conference in London in November.

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French lesson
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صهرا من الالصل

There is a sort of fierce pride about the way the inhabitants of Novokuznetsk claim theirs is the third or fourth most polluted city in the Soviet Union.

Quentin Peel reports on the Soviet miners whose strikes have given them a taste of victory

Trying to ride the Siberian tiger

It is also an angry boast, for pollution, perhaps more than any other single issue, provided the spark for the miners of the Kuznetsk coalfield to down tools two weeks ago.

every pit will be given the same: the right to sink or swim in the tide of perestroika.



Soviet miners on strike: "The people had just had enough"

There are also a whole negotiating process still to come. The miners of the Kuznetsk field have gone back to work. But their spontaneous strike committees have refused to disband.

decisions to be taken. Nothing happened. "Then the Congress of Deputies began. The workers expected something concrete to be decided. We were all waiting for something important.

It is a huge gamble for the entire Soviet leadership. Already it looks as if the Government has given in across the board to the demands of its most loyal supporters - and they are still not satisfied.

LOMBARD

Central banks in from the Cold

By Samuel Brittan

SIR STAFFORD CRIPPS, who was one of Labour's more notable post-war Chancellors, once boasted: "The Bank of England is my creature."

The Bank, however, will determine both the policy instruments and the way they are used.

Just as central bankers were formerly blamed for instability and depression, nowadays governments are blamed for inflation. Setting central banks free is increasingly seen as a more promising route to price stability.

The sovereignty of parliament will be maintained by clauses giving the Government the right to override the price stability objective, but only by a specific Order-in-Council.

Successful independent central banks are not just freely floating unaccountable bodies. The US Federal Reserve is responsible to Congress.

The 19th Century gold standard, which was the last era of worldwide price stability, was in some ways stricter and in others more flexible than present sound money supporters envisage.

LETTERS

National fiscal policies affect others

From Professor G. Maynard. Sir, I suspect that many of the Delors committees for arguing that economic and monetary union requires some co-ordination of fiscal policy as well as monetary policy have also criticised the UK for creating difficulties for its trading partners by pursuing a lax fiscal policy.

any case, in practice, such fiscal management may well be constrained at least in one direction - by the discount that a country might well have to accept on its national bonds if the government is seen to be leaving them in excess.

UK opposition to the Delors Report, although healthy in some respects, seems in danger of becoming somewhat hysterical. If the UK simply wanted a free trade area, it would perhaps have been better if it had not joined the EC in the first place.

'Banks are in business to make a profit'

From Mr Michael Whitehead. Sir, Geoff Crocker ("Banking on Quality," July 10) argues that the recent growth in new banking products and services is "to the advantage of the banks."

Reducing working hours may be a wrong move

From Dr Dieter Kirchener. Sir, Earlier this month I had the pleasure of visiting the UK with a group of German industrial journalists. We met academics, industrialists and union leaders. Our purpose was to see for ourselves the great changes which have been brought about in your engineering industry in recent years.

When skilled workers work less, there is less work for the unskilled, of whom there is no shortage. As we see it, money can only be spent once - either on wage increases or on working time reductions.

As regards quality, surely this must be customer defined? It is because there has been such a proliferation of new services, and with increasing institutional competition, that the banking customer is in a new-found position of strength.

Designed to influence

From Mr Ivor Owen. Sir, Alice Rawsthorn states in her otherwise excellent and welcome article ("Between trade and aesthetics," July 4) that the Design Council has gone from crisis to crisis. This is not true.

in being expected to achieve an almost infinite task, defined in its charter as 'the advancement of British industry by the improvement of design in the products thereof.'

The responsibility of implementation sits squarely on the shoulders of top management. Michael Whitehead, Loughborough University, Leicestershire

Letters to the Editor, if intended for publication, should carry a daytime telephone number

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FINANCIAL TIMES

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THE LEX COLUMN

Forward gear for British motors

Thanks to Nissan, Toyota, Peugeot and now Honda, rising UK car production into the next decade is assured. Car part manufacturers all round the world know what that means; but the London stock market seems to have missed the point. Demand for components made in Britain will almost certainly rise, which means corporate excitement is more than likely as foreigners attempt to establish themselves in the UK market.

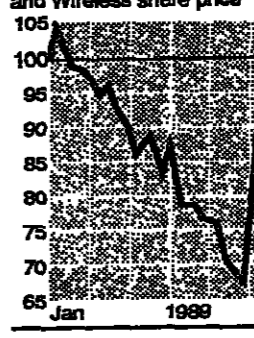
Mercifully for the native producers, the Japanese seem to have abandoned the green field route in favour of potentially lucrative joint ventures, while Europeans and Americans may be thinking in slightly more hostile terms. The fact that UK components shares stand at a discount of up to 25 per cent to the market is an open invitation.

However, there is no need to invoke either the Japanese or takeoveres to conclude that the component manufacturers are too cheap. They are at a 20 per cent discount to the motor sector, regardless of the fact that the car distributors are slashing prices to keep up volumes, while the volume driven component companies are not yet feeling the pinch. The market seems to have ignored the fact that the big four make barely half their money from car parts; a recent study by Warburg Securities shows that by giving the appropriate industrial multiple to the non-automotive businesses, the implied value goes up some 10 to 15 per cent.

The market persists in viewing the component makers as highly volatile, tied to a five year cycle of UK car demand. The fact that the present cycle is into its seventh year of upswing simply increases the fear of the eventual downturn. While earnings growth will be nowhere near last year's average of 20 per cent plus, it should be no worse than the market for anyone except Lucas - and Lucas's problem is not shortage of demand for brakes, but a rising tax charge and a dilutive rights issue.

British Telecom

Share price relative to the Cable and Wireless share price



Jan 1989 Jul 1989

that Asda will get its superstores. The A&P camp may not mind all that much; retaining the superstores was doubtless necessary to obtain Mr Monk's agreement to the counter-offer, but that no longer matters. Financially, there is an apparent problem in that Gateway cannot pass on the whole proceeds in dividends, only the surplus to book value; but there are doubtless ways round that.

The central financing problem remains that both parties have to take the money out of Gateway in the tax-efficient form of dividends. But there are doubtless ways around that as well; for instance, through a little wrinkle called consortium relief, whereby - if the parties agree - the tax position becomes almost exactly what it would be were Gateway a wholly owned subsidiary.

It is also becoming possible to guess at the nature of the end game. Wasserstein Perella - still the official owner of the Newgateway stake - may want to follow the exercise through and take its share of the final profit. A&P presumably still wants the stores, but could be given an option to buy in place of the originally planned re-otation. It has been a curious battle of wits, but it could end up to everyone's satisfaction.

Spain

Clearly, Spain is intent on winning acceptance by the international financial community. Last month it joined the European Monetary System, and this week it stages its own version of London's Big Bang in order to modernise its antiquated stock market structure. It is making all the right sorts of noises about the need to increase the liquidity of the market, and Drexel Burnham's decision to close its Madrid operation underscores the firmness of the Spanish authorities' intent to stamp out insider trading. However, the continuing reluctance of many major Spanish companies to have their shares traded by the order-driven computer system suggests that eradicating local market rigging of share prices may take longer than expected. It is no longer good enough to say that it is all part of a recognised game.

Mobile phones

It is only a month since Lord Young announced his plans for the next decade of the UK mobile phone industry, and the stock market has already firmly decided on who will be the winners and losers. Racal Telecom's shares, which only a few months ago were a touch below £5, have underperformed the market by 27 per cent and British Telecom's shares have fallen by 9 per cent. By contrast, Cable and Wireless's shares have outperformed the market on the belief that the benefits of the Government's

Gateway

With the last big institutional holding in Gateway disposed of last Friday, one of the oddest bids in recent history has drifted into limbo. The final count will be roughly 55 per cent Isocoese, 40 per cent Newgateway, with most of the rest untraceable. Both sides are now sending out strongly oscillatory noises. Soon it will be time for the horse-trading to start.

First of all, it seems clear

PRETORIA PRESSES FOR ANC COMMITMENT TO A PEACEFUL SOLUTION

F.W. draws the line at Mandela

By Patti Waldmeir in Johannesburg

THE LEADER of South Africa's ruling National Party, Mr F.W. de Klerk, has for the first time declared his support for the recent meeting between President P.W. Botha and the jailed leader of the African National Congress (ANC), Mr Nelson Mandela.

But Mr de Klerk, who is widely expected to succeed Mr Botha as state president after the September 6 general elections, drew a clear distinction between talking to Mr Mandela and negotiating with the banned organisation which he led.

Direct talks with the ANC could take place only if the group echoed Mr Mandela's commitment to pursue peaceful solutions to South Africa's problems - a formula recently adopted by Pretoria to replace its former insistence that the ANC renounce violence altogether as a precondition for negotiations on South Africa's future.



F.W. de Klerk (above); Mandela (below)



Mr de Klerk's comments, which were delivered before the Cape Congress of the National Party on Saturday, appeared to be aimed at exploiting divisions within the black anti-apartheid movement over the issue of negotiation and increasing pressure on the ANC to take a more flexible line on talks.

Archbishop Desmond Tutu, the leading anti-apartheid activist, later condemned Mr de Klerk's statement as an attempt to "drive a wedge" between Mr Mandela and the ANC.

Mr de Klerk said he had no doubt that the tea-time meeting three weeks ago between Mr Botha and Mr Mandela had been "in the best interests of South Africa" and stressed that he had supported the planning of the meeting.

But he repeated Pretoria's condemnation of South African groups which meet the leadership of the ANC in exile. A

steady succession of such meetings have been held over the past four years, including one earlier this month between a group of 120 whites and the exiled leadership at its headquarters in Lusaka.

Mr de Klerk attempted to shift the onus on to the ANC to break the current deadlock

over talks: "The ball is squarely in the court of the ANC and not, as some people want to make out, in the Government's court," he said. Mr Mandela had committed himself to peaceful development, Mr de Klerk said, asking "if the ANC prepared to follow the lead given by him and to commit itself to the pursuit of peaceful solutions?"

Mr de Klerk's comments will add to the mounting pressure on the ANC to determine its position on the question of negotiating a settlement to South Africa's conflict. An internal ANC discussion document on the issue published in South Africa last week reflects the organisation's concern that it may lose the initiative to Pretoria, or even be excluded from such talks, unless it takes a firm position soon.

The document was drawn up at a recent meeting between the ANC and the leading internal opposition groups, the United Democratic Front (UDF) and Congress of South African Trades Unions (COSATU).

Officially, the ANC continues to stress the importance of the armed struggle against Pretoria, and its sole comment on the Tynhuys summit between Messrs Botha and Mandela was a call for further armed action. However, privately, as demonstrated by the document, ANC leaders are worried by the level of pressure they are under from their most loyal supporters, both within and outside South Africa.

The Front Line states are increasingly inclined to be "sympathetic to any kind of political settlement" in South Africa, the document notes; the Chinese have pressed the ANC to "move slowly and accept modification of the status quo as a starting point", and the Soviet Union may be prepared to "work for a peaceful settlement of the South African

Gandhi faces new crisis over Bofors deal

By K.K. Sharma in New Delhi

MOST opposition members will resign their seats in the Lower House of India's Parliament today to try to force the Government to call an early election on the issue of corruption.

The mass resignations are the latest challenge to Mr Rajiv Gandhi, the Prime Minister, since the formation of the Janata Government in 1977 to present such a united opposition front.

A total of 106 opposition members plan to resign today, virtually eliminating opposition in the 545-member Lok Sabha, or Lower House.

Mr Gandhi's ruling Congress party already has a four-fifths majority in the Lok Sabha. After today, the opposition will be reduced to about 20 members of minor groups,

Government of any wrongdoing.

Leaders of 12 opposition parties decided on the resignations yesterday after blocking business in both houses of parliament for three days last week by barracking and slogan-shouting. The current campaign of protest is the first since the formation of the Janata Government in 1977 to present such a united opposition front.

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most of which tend to support the Congress-L.

So far there is no indication that Mr Gandhi, who has not been seen in public for five days, will submit to pressure to dissolve the house and call an early election. Party members said the Government planned to continue with its parliamentary business.

The opposition claims that the report by the Comptroller and Auditor-General negates the findings of the parliamentary committee which cleared Mr Gandhi of wrongdoing. The committee had been boycotted by opposition members.

The latest opposition move comes in response to a call for the resignations by Mr N T Rama Rao, Chief Minister of the state of Andhra Pradesh and chairman of the National

Front of major opposition groups.

Mr Rama Rao and other leaders said they had been elected by the people and were seeking now to go back to the people. They said that Mr Gandhi had lost his mandate.

Among those agreeing on the move were three other chief ministers (of West Bengal, Haryana and Assam), as well as leaders of both wings of the Communist Party and left-wing groups which until now had not responded to calls for opposition unity.

Opposition leaders decided that supporters in the Rajya Sabha, the Upper House of Parliament, should not resign in case they had to act against any "authoritarian" moves by the Government.

Andreotti heads new Italian government

By John Wyles in Rome

ITALY'S 49th post-war government was sworn in by President Francesco Cossiga yesterday after a four power struggle over ministerial jobs inside the dominant Christian Democrat Party.

Headed by the nation's most experienced man of government, 70-year-old Mr Giulio Andreotti, the line-up is yet another version of the five-party coalition which has ruled under four previous prime ministers since 1962.

Mr Andreotti's success in reaching a coalition agreement for his sixth premiership ends the sixth longest - 65 days - and one of the most curious Italian political crises of the last 40 years.

The ease with which the veteran Christian Democrat obtained the Socialist Party's backing in the last fortnight tends to confirm that the real purpose of the crisis was to dethrone his predecessor, Mr Ciriaco De Mita.

Political Rome believes that Mr Bettino Craxi, the Socialist

Party secretary, and Mr Arnaldo Forlani, the Christian Democrat (DC) secretary, made a pact in mid-May, which was designed not only to ditch Mr de Mita, but also to guarantee a period of stability for an Andreotti government.

Mr de Mita's demise is now complete. When he lost his position at the party congress, his days as Prime Minister were clearly numbered, since the new majority inside the DC - of which Mr Andreotti is part - wanted to alter the existing distribution of power within the party and the state.

Mr de Mita's faction fought to retain the six government slots they had held in the coalition, finally settling for five of the DC's 15 ministries in the new coalition.

There are several novelties in the new 32-minister line-up, including the first Socialist Foreign Minister, Mr Gianni De Michelis, for several decades. Mr Guido Carli takes the Treasury after 32 years out of ministerial office.

Japan's ruling LDP in major election defeat

Continued from Page 1

ated by national proportional representation. With 17 per cent of the national vote counted, the JSP led the LDP by 3.4m to 2.7m.

The results were broadly in line with the last pre-ballot opinion polls, which charted a slump in LDP support in the final days of the campaign.

Voters deserted the LDP primarily because of the highly unpopular consumption tax introduced in April. They are also angry at the involvement of party leaders in the Recruit financial affair, the party's moves to liberalise agricultural imports at the expense of Japanese farmers, and a sex scandal involving Mr Uno.

The opposition parties cut a swathe through districts long regarded as LDP strongholds, including Kyoto, Japan's ancient capital, Gumma prefecture, the home territory of Mr Yasuhiro Nakasone, the former Prime Minister who was deeply implicated in the Recruit affair, and Shiga prefecture, Mr Uno's home territory. Five former Cabinet ministers lost their seats.

Mr Uno was under pressure to resign from some corners of his party even before yesterday's poll. His popularity was so low that party campaign managers refused to let him campaign actively.

Mr Uno's resignation would probably plunge the party into another leadership crisis since there is no obvious candidate for his job. His recent selection to succeed Mr Noboru Takeshita followed prolonged intra-party wrangling.

The opposition parties are united in a plan to introduce as soon as possible legislation for the abolition of the consumption tax.

They also intend to reopen the investigation of the Recruit affair through committees controlled by the Upper House. Some analysts say this double threat could force the LDP to call an early general election.

However, others suggest the ruling party's best course would be to play for time in the hope that the unity of the opposition alliance cracks under the strain of success.

Disciplinary steps likely

Continued from Page 1 (although certain people have been refused admission).

The Bank generally makes confidential approaches to the banks and the individuals, and there is no public statement of disciplinary action. In this case it indicates that it intends to act within about a week.

At TSA the procedure appears to be more structured. It is expected that this week Mr Bob Wilkinson, director of enforcement at TSA, will be delivering a report to the Enforcement Committee, which has Mr George Nissan, which has Mr George Nissan of Morgan Grenfell as chairman.

If individuals are declared no longer fit and proper, they have a right of appeal. No statement will be made by TSA until after an unsuccessful appeal. However, at some stage it will become evident that individuals have been struck off the register.

The blaze of publicity surrounding this affair will make it impossible for the authorities to act discreetly. Nevertheless, sensitive judgments will need to be made, for instance on whether individuals should be forced out of the industry.

WORLD WEATHER			
Algeria	S	24	16
Amman	S	26	18
Amsterdam	S	20	14
Bombay	S	30	24
Buenos Aires	S	28	22
Calcutta	S	32	26
Cairo	S	30	24
Cardiff	S	20	14
Chennai	S	32	26
Dhaka	S	30	24
Hong Kong	S	28	22
London	S	20	14
Madras	S	32	26
Mumbai	S	32	26
New Delhi	S	30	24
Paris	S	20	14
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FINANCIAL TIMES COMPANIES & MARKETS

Monday July 24 1989

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INSIDE

Disappointment at the end of the chase

American Telephone and Telegraph's investment in CIR, the industrial holding company controlled by Mr Carlo De Benedetti...

Cutting through the trees

The passing of nearly two weeks since the £13bn (\$21bn) bid for BT has enabled at least some holders of bonds in the company to work their way through all the analysis of the implications of the offer and move towards a rational approach to the choices that they face...

Clash of old and new Africas

The battleground is Zimbabwe. The protagonists are an old-style overseas trading company - Aberfoyle Holdings, which largely consists of the Zimbabwean operations of the former Guthrie Corporation...

A change of mind

Japanese banks have sparked a wide range of reactions in the Euroloans markets, from admiration to contempt with a good dose of fear and respect thrown in...

Market Statistics table with columns for Base lending rates, Eurodollar turnover, FT/ABD 10 bond index, etc.

Companies in this section table listing Aur Resources, Campeau, Cominco, Eastern Air, Ecovita, etc.

Ruling that strikes at very core of Apple's business

Louise Kehoe on the significance for the US computer manufacturer of initial findings in its copyright case

Initiation may be the sincerest form of flattery, but for Apple Computer the prospect of dozens of competitors imitating the distinctive screen displays of its primary product, the Macintosh personal computer, is hardly welcome...



Apple chairman John Sculley with the Macintosh II computer

Interface programs could add to other computers some of the key features that have made the Macintosh a success, significantly reducing Apple's competitive advantage...

Mr Greenspan volunteers to be a scapegoat

By Anthony Harris in Washington

Mr Alan Greenspan's Humphrey-Hawkins evidence to Congress - his half-yearly report on monetary policy and the state of the economy - was cautious in one respect, but brave in another...

Remember when big screens were only at the cinema?

Toshiba advertisement featuring a large image of a television set and text describing its features and availability.

Economics Notebook

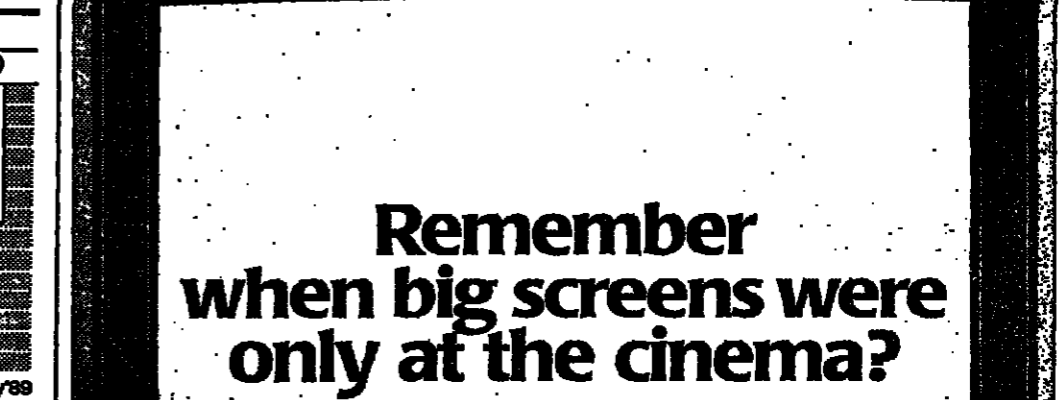
Growing East-West contact

THE last decade has been remarkable. Ten years ago the world's large industrial democracies were wracked with self-doubt and grappling with the shocks caused by the oil price rises of the 1970s...

THIS WEEK

BRITAIN'S long-running trade deficit will come into the limelight this week, with figures for June published on Wednesday. The size of the deficit will be an important influence on sentiment in financial markets...

UK trade deficit



Other UK indicators include the quarterly Confederation of British Industry industrial trends survey published tomorrow. This includes measures of business confidence, output, orders, prices, investment and capacity. Analysts will be looking for signs of a further slowing in manufacturing production growth and possible inflationary pressures...

UK COMPANY NEWS

Logitek paying £10m to expand services division

By Alan Crane

LOGITEK, a Greater Manchester-based computing services company, has agreed to acquire the Advansys group of companies for £10m. Irrevocable acceptances have been received in respect of 82.9 per cent of the capital.

The acquisition will create a group with strengths in micro-computer distribution, independent maintenance, networking and communications, software and Unix-based solutions.

The offer comprises an initial £7.1m together with a further maximum payment of £2.9m related to the performance of Advansys in the year ended April 30 1990.

Logitek is offering 3.949 shares for each Advansys ordi-

nary, and full acceptance would represent some 27 per cent of the enlarged capital. There is a partial cash alternative comprising 2.962 Logitek shares and 172.8p cash.

Logitek, which earlier this week reported revenues 37 per cent higher at £29.2m and pre-tax profits up 34 per cent at £2.75m, comprises two divisions, one concentrating on distribution providing about 85 per cent of revenues, the other on computing services.

Mr James Pickup, managing director of Logitek, said he was seeking a 50:50 balance between revenues from distribution and computing services. The acquisition of Advansys, which turned over £33.4m in 1989 with pre-tax profits of

A corporate challenger out of Africa

Philip Coggan gets to the root of the battle between Aberfoyle and Crescent Africa

THE BATTLEGROUND is Zimbabwe. The protagonists are an old style overseas trading company - Aberfoyle Holdings, which largely consists of the Zimbabwe operations of the former Guthrie Corporation - and a new style corporate challenger, Mr Kojo Nyantekyi, a Ghanaian ex-dentist.

Mr Nyantekyi wants his Crescent Africa company, which owns a 37 per cent stake in Aberfoyle, to take over management control. But the Richmond-based trader has rebuffed his approaches and is making a one-for-eleven rights issue to bolster its finances.

"The prospect of a black African businessman taking over a UK company is possibly unique and may provoke a lively clash at Aberfoyle's annual meeting on August 11. Aberfoyle's main problem since it was established in 1984 is that Zimbabwean exchange control regulations prevent the company from remitting to Britain more than 25 per cent of its post-tax earnings. So although the company's hotch-pot of trading interests - in textiles, electrical engineering, fire extinguisher manufacturing, property and agriculture - have been profitable, it has been unable to pay shareholders a dividend.

Venture capital projects are allowed to remit 50 per cent of their post-tax earnings overseas. So in 1988, Aberfoyle set up the Mwenzi Development Corporation to establish a 12,000 hectare oil palm plantation in the Zimbabwean lowlands. However, the project, which required the building of the Manyuchi dam, will not be profitable until 1994-95.

Funding is, therefore, a problem. Mr Ian Coates, chairman of Aberfoyle, says he has been negotiating to persuade the Zimbabwean Government to invest but bureaucracy is "slow and cumbersome". As the rights issue circular was published, comments, government support "remains intangible".

Crescent Africa argues that it is because of strained relations between Aberfoyle and the Zimbabwean Government that no funding has yet been forthcoming. Mr Nyantekyi believes that Aberfoyle is regarded as a "colonial" company by the Mugabe regime and that he and his fellow directors, who include a former Aberfoyle executive Mr Brian Igoe, have the contacts to improve matters.



Kojo Nyantekyi: a former dentist adept at drilling

from the October 1987 crash. Mr Nyantekyi says that if Crescent took control of Aberfoyle the company would bring in outside equity investors to the Mwenzi project and would diversify outside Zimbabwe so that the company could build up enough earnings to pay dividends.

Although Aberfoyle revealed a pre-tax profit increase of 56 per cent in 1988, Crescent points out that the vast majority of that growth came from the sale of Zimbabwean investments, following a change in government rules limiting equity stakes of overseas investors to 5 per cent.

Mr Nyantekyi criticises Aberfoyle for raising only £1.1m in the rights issue, arguing that the issue was too small to solve the group's financing problems. The main reason the rights were limited in size, he believes, is that issues of under 10 per cent of the equity do not require shareholder approval.

He is also unhappy that, since Crescent first built up its stake, two executives, Mr Paul Willis and Mr Brian Gill, have had their contracts altered to

Pru consolidates position as personal pensions market leader

By Eric Short, Pensions Correspondent

PRUDENTIAL Corporation, Britain's largest life assurance and financial services group, has consolidated its position as the market leader in the new style personal pensions.

New business results for the first six months of this year reveal that between January 1 and April 5 the Pru sold 173,000 rebate-only personal pensions to employees wishing to contract-out of the State Earnings-Related Pension Scheme.

This brought the total sales by the Pru of rebate-only personal pensions since their launch to around 400,000, giving the group at least a 10 per cent market share in terms of numbers of contracts sold.

This buoyancy in the personal pension market resulted in new annual premiums on individual pension business advancing nearly 50 per cent from £52.7m to £77.8m, and single premiums jumping from £16.7m to £28.1m.

These figures underline the success of the Government's

radical pension reforms introduced last year to encourage people to switch from State to private sector provision, both personal and company pensions.

Pru's figures also showed expansion in its corporate pension business with new annual premiums more than doubling from £7.3m to £17.1m, boosted by substantial growth in AVC (Additional Voluntary Contributions) schemes, and single premiums rising from £92.1m to £179.2m, which included £58m of segregated pension fund money.

The Pru, in common with other life companies, was hit by the downturn in the housing market and new annual premiums on mortgage-related business declined by more than a quarter from £22.2m to £16.4m.

Mortgage-related sales through Pru's estate agency network, the largest in the UK, brought in £3.3m of this figure, compared with

£2.3m last year.

Sales of investment and savings products held up well, with the unit trust subsidiary, Prudential Holborn, increasing sales from £106.2m to £128.4m, including £30m from the newly launched Holborn Trust.

This rise is very much against the general trend in the unit trust industry which has seen a severe slump in sales.

The international division continued to expand its life and pension operations, with new annual premium sales rising by more than 40 per cent to £29.9m, the fastest growth coming from the US subsidiary, Jackson National Life. Single premiums overall amounted to £61.4m against £64.1m.

The reinsurance subsidiary, Mercantile and General, also reported buoyant long-term insurance business, with new annual premium sales rising by 30 per cent to £28.2m and single premiums rising nearly 40 per cent to £37.2m.

Thornton Asian Markets offer oversubscribed

By Clare Pearson

THE OFFER for subscription in Thornton Asian Emerging Markets, a new £100m investment trust which is thought to be the largest ever launched from scratch, has been oversubscribed.

Thornton Investment Management said applications had been received from the public for 25,047m ordinary shares with warrants, against the 25m that were on offer. Applications for up to 1m shares will be met in full, and those for more than that amount will be marginally scaled down.

Firm undertakings to subscribe have already been received for 74.87m, and a further 120,000 were subscribed by some of the directors.

The trust aims to invest in the Asian-Pacific markets, including Hong Kong, Singapore, South Korea, and Taiwan as well as Indonesia, China and India.

It will have a seven-year life. Each warrant entitles the holder to subscribe for one ordinary share at 100p on certain dates between 1990 and 1995.

FT Share Service

The following securities were added to the Share Information Service in Saturday's edition: Allen (Section Buildings), Ball (A.H.) (Buildings), Bealish Industries (Industrial), Jersey Phoenix Trust (Ord. & Warrants) (Investment Trusts), Mitsubishi Trust & Banking (Banks), Nationwide Anglia 13.5%, 23.4.90, 13% 14.5.90, 13.5% 4.6.90 & 14.5% 2.7.90 (Loans-Building Societies), Oliver Resources (Oil & Gas), Plastipol (Industrial), Topdanmark (Trusts, Finance, Land).

In the UK, his business career started with property investment before he decided to move into the oil industry. "Having been a dentist, I am adept at drilling," he quipped. Crescent Africa is now a trading company, dealing in oil, building materials and food products; it made a pre-tax profit of £150,000 in 1988 after a loss of £900,000 the previous year caused by losses on stock market investments arising

from the October 1987 crash. Mr Nyantekyi says that if Crescent took control of Aberfoyle the company would bring in outside equity investors to the Mwenzi project and would diversify outside Zimbabwe so that the company could build up enough earnings to pay dividends.

Although Aberfoyle revealed a pre-tax profit increase of 56 per cent in 1988, Crescent points out that the vast majority of that growth came from the sale of Zimbabwean investments, following a change in government rules limiting

CORRECTION	
Geov/T&N	
T&N does not own 1m shares in Geov as stated in Friday's Financial Times. They are held by T&N's pension scheme.	
ECU 50,000,000 THE KOREA DEVELOPMENT BANK Floating Rate Notes due 1992	
In accordance with the provisions of the Notes, notice is hereby given that for the six month period from July 24, 1989 to January 24, 1990 the Notes will carry an interest rate of 8.625% per annum. The interest amount payable on the relevant interest payment date which will be January 24, 1990 is ECU 491.94 for each Note of ECU 10,000.	
GENERALE BANK, Agent Bank	
NOTICE OF PARTIAL REDEMPTION ALLCO INTERNATIONAL LIMITED Guaranteed Floating Rate Notes 1988	
Unconditionally and irrevocably guaranteed by THE LONG TERM CREDIT BANK OF JAPAN, LIMITED	
NOTICE IS HEREBY GIVEN that, pursuant to Condition 4(b) of the Notes, Allco International Limited has elected to redeem on August 7, 1989 at 100% US\$100,000 of the outstanding Notes. The Notes drawn for redemption are numbered as follows:	
12 184 356 404 584 712 800 890 1080 1194 1212 298 412 502 612 720 804 894 1112 1200 1320 204 402 598 684 872 912 1012 1100 1200 191 212	Payment will be made upon surrender of the Notes, together with all coupons payable on the date fixed for redemption at the offices of the Paying Agents as shown on the Notes. Coupons remaining on August 7, 1989 should be cancelled and presented for payment in the usual manner. On and after August 7, 1989 interest on the Notes will cease to accrue and uncancelled coupons will become void.
By Citibank, N.A. (ISSUING BANK), London, Paying Agent	
FLORA 2 LIMITED U.S. \$58,800,000 Secured Floating Rate Notes Due 1993	
In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months period from 24th July, 1989 to 22nd January, 1990, the Notes will carry an interest rate of 9.0625 per cent. The coupon amount so calculated will be US\$4,581.60 per Note of US\$100,000 - nominal.	
LTCB THE LONG-TERM CREDIT BANK OF JAPAN, LTD. Agent Bank	
I.G. INDEX LTD. 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD Tel: 01-828 7233/5699 An AFB member Reuters Code: IGIN, IGIO	
FT 30 FTSE 100	
Jul. 1888/1897 -5 Jul. 2278/2288 -6 WALL STREET	
Sep. 1909/1918 -5 Sep. 2303/2313 -6 Aug. 2581/2593 +2 Sep. 2593/2605 +4	
Prices taken at 5pm and change is from previous close at 9pm	

BOWATER INCORPORATED

RECORD SALES MAINTAINED IN FIRST HALF OF 1989

	6 Months to 1 July 89	6 Months to 2 July 88	% Increase (Decrease)
SALES	\$722.3m	\$694.8m	+4%
INCOME BEFORE TAX	\$140.7m	\$150.1m	-6%
NET INCOME	\$76.9m	\$78.8m	-2%
EARNINGS PER SHARE*	\$2.05	\$2.09	-2%

* Net income used in the calculation of earnings per share has been reduced by the dividend replacement of the LDRS preferred stock.

- 39% lower newsprint operating income due to price discounting and training and pre-startup costs at new pulp mills.
- Market pulp (up 32%) and lightweight coated paper (up 14%) together contributed 62% of operating income.
- Computer forms business benefits from stabilized raw materials cost.

Chairman and Chief Executive A.P. Gammie - summing up the first six months of 1989 - said: "While our business climate is much less robust than last year, we still expect 1989 to be the second best year in our history."

BOWATER

THE AMERICAN PAPER PEOPLE WITH A SOLID BASE FOR GROWTH

Bowater Incorporated of Darien, Connecticut is a major USA producer of newsprint, coated publication paper, bleached kraft market pulp and continuous computer business forms.

Bank of Greece

US\$150,000,000 Floating Rate Notes due 1994

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 9% per cent for the period 24th July, 1989 to 24th October, 1989.

Total interest payable on 24th October, 1989 per US\$10,000 Note will be US\$493.86 and per US\$250,000 Note will be US\$12,346.35.

Agent Bank: Morgan Guaranty Trust Company of New York, London

Eni International Bank Limited

ECU 135,000,000 Guaranteed Floating Rate Notes due 1992

Unconditionally and irrevocably guaranteed by Ente Nazionale Idrocarburi

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period 24th July, 1989, to 24th October, 1989 has been fixed at 9 1/4% per annum. Interest payable on 24th October, 1989 will be ECU241.18 per Note of ECU10,000.

Agent Bank: Morgan Guaranty Trust Company of New York, London Branch

The Republic of Panama

U.S. \$50,000,000 Floating Rate Serial Notes due 1991

For the six months 25th July, 1989 to 25th January, 1990

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 9 3/4% per cent. per annum, and that the interest payable on the relevant interest payment date, 25th January, 1990 against Coupon No. 21 will be U.S. \$154.36.

The Industrial Bank of Japan, Limited Agent Bank

Provincsbancken A/S

U.S. \$25,000,000 Floating Rate Capital Notes 1990

For the six month period 24th July, 1989 to 24th January, 1990

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 9 1/4% per cent. per annum and that the interest payable on the relevant interest payment date, 24th January, 1990, against Coupon No. 15 will be U.S. \$231.60.

S.G. Warburg & Co. Ltd. Agent Bank

ECU 50,000,000 THE KOREA DEVELOPMENT BANK

Floating Rate Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the six month period from July 24, 1989 to January 24, 1990 the Notes will carry an interest rate of 8.625% per annum. The interest amount payable on the relevant interest payment date which will be January 24, 1990 is ECU 491.94 for each Note of ECU 10,000.

GENERALE BANK, Agent Bank

NOTICE OF PARTIAL REDEMPTION ALLCO INTERNATIONAL LIMITED

Guaranteed Floating Rate Notes 1988

Unconditionally and irrevocably guaranteed by THE LONG TERM CREDIT BANK OF JAPAN, LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to Condition 4(b) of the Notes, Allco International Limited has elected to redeem on August 7, 1989 at 100% US\$100,000 of the outstanding Notes. The Notes drawn for redemption are numbered as follows:

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By Citibank, N.A. (ISSUING BANK), London, Paying Agent

FLORA 2 LIMITED

U.S. \$58,800,000 Secured Floating Rate Notes Due 1993

In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months period from 24th July, 1989 to 22nd January, 1990, the Notes will carry an interest rate of 9.0625 per cent. The coupon amount so calculated will be US\$4,581.60 per Note of US\$100,000 - nominal.

LTCB THE LONG-TERM CREDIT BANK OF JAPAN, LTD. Agent Bank

I.G. INDEX LTD. 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD

Tel: 01-828 7233/5699 An AFB member Reuters Code: IGIN, IGIO

FT 30 FTSE 100

Jul. 1888/1897 -5 Jul. 2278/2288 -6 WALL STREET

Sep. 1909/1918 -5 Sep. 2303/2313 -6 Aug. 2581/2593 +2 Sep. 2593/2605 +4

Prices taken at 5pm and change is from previous close at 9pm

FINANCIAL TIMES STOCK INDICES

	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 14	High 1989	Low	Since Compilation
Government Secs.	86.40	86.34	86.30	86.40	86.50	86.46	89.29	83.75	127.4
Fixed Interest	96.92	96.75	96.89	96.88	96.93	96.95	99.59	95.21	105.4
Ordinary	1892.9	1901.4	1903.2	1883.3	1880.2	1885.4	1903.2	1447.8	1926.2
Gold Mines	193.0	192.4	199.0	200.1	201.5	202.1	206.0	154.7	79.4
FT-Act All Share	1166.44	1170.15	1170.28	1160.27	1160.58	1159.82	1170.28	921.22	1298.57
FT-SE 100	2283.0	2292.3	2292.5	2273.1	2274.9	2273.7	2292.5	1782.8	2443.4

INTERNATIONAL CAPITAL MARKETS

EUROCREDITS Changing role of Japanese banks

JAPANESE banks have sparked a wide range of reactions in the Euroloans markets, running the gamut from admiration to contempt with a good dose of fear and respect thrown in.

INTERNATIONAL BONDS BAT bid prompts dilemmas over approaches to risk

THE collective mental energy being spent analysing the implications for bondholders of the £13.2bn bid for BAT Industries probably more than outweighs the thought that went into the bid itself.



For example, the chart shows how the spread of the £100m BOC 12 1/4 per cent 2012/17 issue has widened to a historic high against the equivalent gilt-edged issue.

Put options put the ball in the wrong court," argued another fund manager. Instead, he said, it should be the company's option to breach covenants or to repay a bond issue.

Table with 4 columns: Primary Market, Secondary Market, and two sub-columns for each. Data includes values for various markets like US, UK, and others.

Table titled 'NEW INTERNATIONAL BOND ISSUES' with columns for Borrowers, Amount, Maturity, Av. life, Coupon, Price, Book runner, Offer yield, and %.

Norma Cohen

Advertisement for Goldman Sachs featuring the Japanese word 'ワラント' (Warrant) and text: 'We are pleased to announce that as of July 31, Goldman Sachs will be making markets in Japanese equity warrants.'

Advertisement for European Investment Bank featuring the BEIEB logo and text: 'Placing of a further issue of £100,000,000 9 1/2 per cent. Loan Stock 2009'.

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Fed signals slower easing of policy

US BOND prices slipped for the second week running as markets judged from the Federal Reserve's actions and its chairman's words that further easing of monetary policy will come in smaller, slower steps than they had hoped.

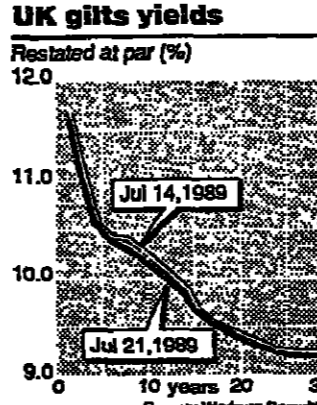
estimates for growth but revised up estimates for inflation. The former would warrant more easing, the latter less.

estimates for growth but revised up estimates for inflation. The former would warrant more easing, the latter less.

UK GILTS

Treasury's slowdown line accepted

CONFLICTING signals on the UK economy failed to derail the gilt-edged securities market last week. Dealers appeared convinced by the Treasury line that the economic slowdown is running according to plan.



figures for bank lending and consumer credit agreements suggest that, with the exception of mortgage lending, there has been no let-up in borrowing by the personal sector.

Roderick Oram

Table with columns for US MONEY MARKET RATES (%), US BOND PRICES AND YIELDS (%), and NRI TOKYO BOND INDEX. It includes various financial metrics and their corresponding values.

SEUL TRUST International Depository Receipts evidencing Beneficial Certificates representing 1,000 Units (and 100 units). Includes details on dividend payments and procedures for reinvestment.

ENGLISH & SCOTTISH INVESTORS p.l.c. (An investment company within the meaning of Part VIII of the Companies Act 1985 incorporated and registered in England under the Companies Acts No 237077).

GLOBAL GOVERNMENT PLUS FUND LIMITED International Depository Receipts evidencing Beneficial Certificates representing 100 Common Shares.

CORPORATE ENTERTAINMENT The Financial Times proposes to publish this survey on: 12th September 1989.

FT/AIRD INTERNATIONAL BOND SERVICE. Large table listing various international bonds, including issuers, denominations, and yields. Includes sections for Sterling, Euro, and other currencies.

صديقا من الامم

INTERNATIONAL COMPANIES AND FINANCE

Bid for Steinberg likely to succeed

By Robert Gibbens in Montreal

MR MICHEL Gaucher, the Quebec entrepreneur, and the Quebec Caisse de Depot, which manages Quebec's public pension plan, look set to succeed with their bid for Steinberg, the Canadian retail and property group.

Mr Gaucher, through Socanav, his publicly quoted holding company, has taken up an option to buy the 52 per cent voting interest in Steinberg held by the three surviving daughters of the late Mr Sam Steinberg, architect of the company's rapid post-war expansion.

Under the option, the Gaucher deal is worth C\$75 a share for the family voting shares and C\$51 for the non-voting shares. This offer has successfully beaten off a rival bid from Oxidon Investments of Toronto and must now be extended to minority shareholders in Steinberg.

18,000 full-time and part-time workers in Quebec. The offer from the Gaucher consortium compares with a bid of C\$75 for the voting shares and C\$50 for the non-voting shares put up by Oxidon. Quebec premier Mr Robert Bourassa intervened in the bidding to back Mr Gaucher and the Caisse de Depot. With an election due this autumn, there were local fears for a gradual shut-down of Steinberg's grocery chain should the Oxidon bid succeed.

S&P starts to rate bond issuers on event risk

By Roderick Oram in New York

STANDARD & Poor's, the US ratings agency, has started to rate the protection against takeover-related risks some bond issuers have begun to offer investors in the wake of the BJR Nabisco buy-out.

Prices of the food and tobacco group's investment grade bonds plunged last autumn when investors learnt that its balance sheet would become badly strained by debt incurred to buy-out shareholders. Metropolitan Life, one of the largest institutional investors, sued unsuccessfully to recover its capital losses. The incident, which brought to a head growing bond investor unhappiness about buy-outs, also damaged the credit worthiness and drove down prices on bonds of other leading corporations considered takeover candidates. A number of issuers responded by providing covenants to protect investors against such takeover-related risks. The most common is a "poison put" under which the issuer will redeem the securities at par if, for example, corporate control changes. Standard & Poor's Event Risk Covenant Rating, which supplements the firm's credit ratings, grades the protection from E1 down to E5 which equates with "insignificant or no protection."

Eastern Air creditors agree plan

By Roderick Oram

ALL BUT TWO of Eastern Air Lines' creditors have agreed to its plans, filed in bankruptcy court on Friday, to repay its \$3.5bn of debts in full with interest.

The two holding out are General Electric Credit and owners of a small issue of European debt but their concerns are highly technical and should be swiftly resolved, Mr Barry Simon, Eastern's general counsel, said.

The bankruptcy court judge could approve the plan without their support, he added.

Eastern's reorganisation plan did not yet include a statement showing its source of funds for the repayment. It has asked the New York court for an extension until September 15 to file it.

Since it was brought to a virtual standstill by a machinists strike and pilots' walkout in March, Eastern has been selling assets to raise money and to shrink itself by about one-third to a more practical size.

Disposals have included its shuttle service and 11 Airbus A-300 aircraft to Continental Airlines, its sister carrier, bringing in \$231m.

Its efforts to rebuild its flight schedule have been hampered by a lack of pilots, both newly hired and returning strikers. The company was forced to cut the number of flights per day to 350 in August from a target of 500.

Despite talks between the unions and the company, no end to the strike is in sight.

Insurers 'try to bypass rules'

By Louise Kehoe in San Francisco

INSURANCE companies are attempting to circumvent California's Proposition 103 regulations which would force them to cut substantially premiums on motor and property insurance policies by filing "bogus claims," the State Attorney General has charged.

"It has been eight months since the voters adopted Proposition 103 and two months since we successfully defended the constitutional right of the California Supreme Court, Attorney General Mr John Van de Kamp said.

"Now the insurance companies are trying to bury the initiative under literally tons of paper."

In May the State Supreme

Court upheld the constitutional right of the ballot measure, which had been challenged by insurance companies, but said the companies were entitled to a "fair return."

Since then some 6,000 applications for exemption from the reductions in premiums, which can top 20 per cent, mandated by Proposition 103 have been filed by insurers with the State Insurance Commissioner.

"There was apparently a spirited competition among the companies to see who could dump the most paper on the Department of Insurance, with the winner tipping the scales at more than 1,000 pounds," Mr Van de Kamp reported.

He said he had formed a

team of legal and actuarial experts to examine the insurance industry filings.

"We found the insurance companies' filings packed with bogus claims, mountains of paper built on foundations of manipulated numbers: companies claiming a constitutional right to profit margins as high as 35 per cent; companies claiming a constitutional right to spend as much as 45 per cent of every premium dollar on overhead."

Filing formal objections to all 6,000 of the exemption applications this week, Mr Van de Kamp also proposed tough regulations that he promised would "deliver hundreds of dollars in rebates to every insurance consumer in California."

Plan to buy stake in Aur

By Robert Gibbens

TECK CORP and Cominco, its associate, are to pay C\$35.5m (US\$50m) for 19 per cent of Aur Resources, a small gold mining company.

Aur, headed by Mr James Gill, the Montreal geologist, owns gold properties in the Cadillac Fault mining area of north-western Quebec and controls a new gold base metals discovery in the same area.

Noranda has around 10 per cent of Aur, but the 19 per cent to be bought by Teck-Cominco will be voted with Mr Gill and Aur management for a minimum three years. Together, the group will control 39 per cent, and Mr Gill said this would fend off hostile bidders.

Delhi group sets up joint venture with Herionwerke

By K.K. Sharma in New Delhi

ESCORTS, the Delhi-based heavy engineering company, has set up a joint venture with Herionwerke of West Germany to manufacture pneumatic equipment.

About half of the venture's production will be exported. According to Mr H. Nanda, chairman of Escorts, the link is part of the company's expansion plans.

Because of improved returns, Escorts, which made a pre-tax profit of Rs214m (\$13.1m) for the 15 months to end-March 1989, has decided to pay a final dividend of 15 per cent. This makes a total of 28 per cent for the 15 months.

Escorts has decided to invest Rs900m in 1989-90 in capital equipment for modernising and expanding its existing manufacturing facilities for tractors and motorcycles, which account for as much as 75 per cent of the company's turnover.

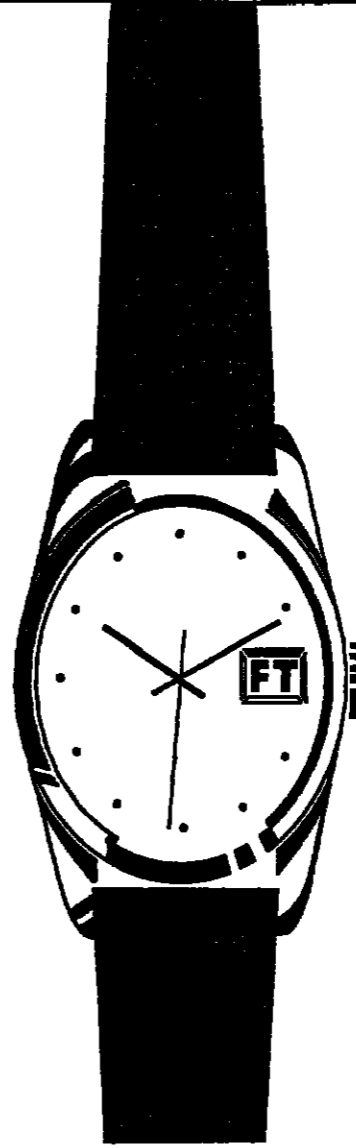
In addition, it plans to manufacture mopeds for a growing market in India with the help of foreign technology and tooling by the end of 1990. Other plans include entry into telecommunications with the help of German technology. A scheme for production of photovoltaic cells is being considered.

Campeau to sell 45 properties

By David Owen in Toronto

CAMPEAU Corporation, the Toronto-based merchandising and property group, is to sell 45 North American properties in the coming year to try to reduce its onerous debt load. The disposal is expected to reduce debt by US\$250m-US\$300m. The company is carrying long-term and short-term debt of around US\$9.5bn. Six months ago borrowings stood closer to US\$11bn.

Mr Robert Campeau, chairman, promised to bring the renowned Bloomingdale's chain to Canada.



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LANDESBANK RHEINLAND-PFALZ INTERNATIONAL S.A.

Luxembourg

U.S. \$ 200,000,000

Euro Commercial Paper Programme

Arranger

Shearson Lehman Hutton International, Inc.

Dealers

Merrill Lynch International Limited
Shearson Lehman Hutton International, Inc.
U.B.S. Phillips & Drew Securities Ltd.

Issue and Paying Agent
Manufacturers Hanover Trust Company

NOTICE TO HOLDERS OF WARRANTS issued by TOKYU DEPARTMENT STORE CO., LTD.

in connection with its U.S. \$50,000,000 7 1/2 per cent. Guaranteed Bonds due 1990 with Warrants U.S. \$80,000,000 3 per cent. Guaranteed Bonds due 1992 with Warrants U.S. \$200,000,000 4 per cent. Guaranteed Bonds due 1993 with Warrants

You are hereby notified, pursuant to Clause 4(A) of the relative Instruments, that at a meeting of the shareholders of Tokyudepartment Store Co., Ltd. (the "Company") held on 27th April, 1989, it was resolved that Michida Tokyudepartment Store Co., Ltd. (a subsidiary of the Company, to be merged into the Company effective as of 2nd October, 1989.

Tokyudepartment Store Co., Ltd.

Dated: 24th July, 1989

KANSAI INTERNATIONAL BANK S.A. ECU 250,000,000 Subordinated Floating Rate Notes due 1993

In accordance with the terms and conditions of the Notes, notice is hereby given that the first interest payment from July 24, 1989 to January 24, 1990, the notes will carry an interest rate of 8 1/2% (inclusive of a margin).

The coupon amount so calculated will be ECU 46,875,000.

BANQUE GENERALE DU LUXEMBOURG S.A. AGENT BANK

CORPORATE SECURITY

The Financial Times proposes to publish this survey on:

OCTOBER 3RD 1989

For a full editorial synopsis and advertisement details, please contact:

JONATHAN WALLIS on 01-873 3565

or write to him at:

Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES

This announcement appears as a matter of record only.

July, 1989

GPA

GPA Group Limited

U.S. \$150,000,000

Medium Term Loan

Lead Managers

The Mitsubishi Trust and Banking Corporation

The Hachijumi Bank, Ltd.

The Hiroshima Bank, Ltd.

The Hokkaido Bank, Ltd.

Managers

The Fukutoku Bank, Ltd.

The Hokuriku Bank, Ltd.

The Hyakujushi Bank, Ltd.

The Joyo Bank, Ltd.

Co-Managers

The Aichi Bank, Ltd.

The Ashikaga Bank, Ltd.

The Bank of Kyoto, Ltd.

The Chugoku Bank, Ltd.

The Fukuoka City Bank, Ltd.

The 77 Bank, Ltd.

The Shiga Bank, Ltd.

Arranger and Agent

The Mitsubishi Trust and Banking Corporation

FT UNIT TRUST INFORMATION SERVICE For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak. inc VAT

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Backhurst Management Co Ltd, Barrage Unit Trust, etc. Each entry includes the trust name, manager, and current price.

Table listing various unit trusts such as Eagle Star Unit Trust, Global Asset Management, Equitable Units Admin, etc. Each entry includes the trust name, manager, and current price.

Table listing various unit trusts such as Lloyds Unit Trust, Midland Unit Trusts, National Unit Trusts, etc. Each entry includes the trust name, manager, and current price.

Table listing various unit trusts such as Prudential Unit Trusts, Smith & Williamson Unit Trusts, Savarlin Unit Trusts, etc. Each entry includes the trust name, manager, and current price.

GUIDE TO UNIT TRUST PRICING. INITIAL CHARGES: These cover the marketing, administrative and other costs which have to be paid by new purchasers. These are a percentage of the net asset value of the unit being purchased. UNIT TRUST PRICES: The net asset value of the unit is the price at which the unit is sold to the investor. The net asset value is the value of the unit's assets less its liabilities. The net asset value is calculated at the end of each day and is published in the Financial Times. The net asset value is the price at which the unit is sold to the investor. The net asset value is the value of the unit's assets less its liabilities. The net asset value is calculated at the end of each day and is published in the Financial Times. The net asset value is the price at which the unit is sold to the investor.

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FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information with columns for Unit Name, Unit Price, and Yield. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on page 28

FT UNIT TRUST INFORMATION SERVICE For Current Unit Trust Prices on any telephone ring direct-0639 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak. inc VAT

Main table containing unit trust information with columns for Fund Name, Unit Price, Yield, and other financial metrics. Includes sub-sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', 'LUXEMBOURG (SIB RECOGNISED)', 'GUERNSEY (SIB RECOGNISED)', and 'JERSEY (SIB RECOGNISED)'.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance data.

LONDON SHARE SERVICE

Table of London Share Service listing various funds, including British Funds, Commonwealth & African Loans, and Money Market Bank Accounts.

LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, Div, Yield, and Expiry.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and roads stocks with columns for Stock, Price, Div, Yield, and Expiry.

DRAPERY AND STORES - Contd

Table listing drapery and stores stocks with columns for Stock, Price, Div, Yield, and Expiry.

ENGINEERING - Contd

Table listing engineering stocks with columns for Stock, Price, Div, Yield, and Expiry.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for Stock, Price, Div, Yield, and Expiry.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for Stock, Price, Div, Yield, and Expiry.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, Div, Yield, and Expiry.

ELECTRICALS

Table listing electrical stocks with columns for Stock, Price, Div, Yield, and Expiry.

FOOD, GROCERIES, ETC

Table listing food, groceries, etc. stocks with columns for Stock, Price, Div, Yield, and Expiry.

INDUSTRIALS (Misc.)

Table listing industrial stocks with columns for Stock, Price, Div, Yield, and Expiry.

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INDUSTRIALS (Misc.)

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BANKS, HP & LEASING

Table listing bank, HP, and leasing stocks with columns for Stock, Price, Div, Yield, and Expiry.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for Stock, Price, Div, Yield, and Expiry.

DRAPERY AND STORES

Table listing drapery and stores stocks with columns for Stock, Price, Div, Yield, and Expiry.

INDUSTRIALS (Misc.)

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INDUSTRIALS (Misc.)

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INDUSTRIALS (Misc.)

Table listing industrial stocks with columns for Stock, Price, Div, Yield, and Expiry.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for Stock, Price, Div, Yield, and Expiry.

DRAPERY AND STORES

Table listing drapery and stores stocks with columns for Stock, Price, Div, Yield, and Expiry.

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Table listing industrial stocks with columns for Stock, Price, Div, Yield, and Expiry.

INSURANCES

Table listing insurance stocks with columns for Stock, Price, Div, Yield, and Expiry.

LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 80p per minute peak and 25p off peak, inc VAT

INSURANCES - Contd

Table listing insurance companies and their share prices, including columns for company name, price, and date.

PAPER, PRINTING, ADVERTISING - Contd

Table listing paper, printing, and advertising companies and their share prices.

TEXTILES

Table listing textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices.

MINES - Contd

Table listing mining companies and their share prices.

LEISURE

Table listing leisure companies and their share prices.

PROPERTY

Table listing property companies and their share prices.

TOBACCOS

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies and their share prices.

OVERSEAS TRADERS

Table listing overseas traders and their share prices.

MISCELLANEOUS

Table listing miscellaneous companies and their share prices.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices.

COMMERCIAL

Table listing commercial companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies and their share prices.

PLANTATIONS

Table listing plantation companies and their share prices.

THIRD MARKET

Table listing third market companies and their share prices.

NOTES

Stock Exchange dealing classifications are indicated to the right of the company name.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies and their share prices.

SHIPPING

Table listing shipping companies and their share prices.

SHOES AND LEATHER

Table listing shoes and leather companies and their share prices.

OIL AND GAS

Table listing oil and gas companies and their share prices.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies and their share prices.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks and their share prices.

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Table listing regional and Irish stocks and their share prices.

This service is available to every company dealt in on the Stock Exchange throughout the United Kingdom for a fee of £995 per annum for each company.

CURRENCIES, MONEY AND CAPITAL MARKETS

CURRENCIES AND MONEY REVIEW

Dollar looks set for continued fall

THE DOLLAR'S rise of over 8 per cent as measured by its Bank of England exchange rate index since the beginning of the year is now at an end, that is if the present mood of institutional investors is accepted. What has caused this change of view, or could it be - as on previous occasions - merely a period of consolidation rather than the start of a sustained downwards trend?

imports is not consumer-led, yet the bald figures and the knee-jerk reaction in currency markets can paint a different picture for the dollar. The cumulative deficit for the first five months of this year at \$46.5bn is only \$3bn down from the same period last year.

trial producers retain a relatively rosy outlook. And for this reason alone, the Fed is likely to remain cautious about the pace at which it reduces interest rates. The authorities will also want to see further signs of a slowdown in economic activity in order to ease industrial capacity restraints and a tightness in the labour market. Both would increase cost pressures and aggravate the rate of inflation.

Jonas Crosland

£ IN NEW YORK

Table with columns: July 21, Latest, Previous Close. Rows include 1 month, 3 months, 6 months, 12 months.

CURRENCY RATES

Table with columns: July 21, Rate, Spread, European Currency Unit. Rows include Sterling, Deutsche Mark, Swiss Franc, etc.

CURRENCY MOVEMENTS

Table with columns: July 21, Bank of England, Money Market, Changes %.

OTHER CURRENCIES

Table with columns: July 21, £, \$, DM, etc. Rows include Argentina, Australia, Canada, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: July 21, Short term, 7 days, One month, Three months, Six months, One year.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: July 21, Day's spread, One month, Three months, Six months, One year.

EXCHANGE CROSS RATES

Table with columns: July 21, £, \$, DM, Yen, FF, SFr, NFl, Lira, C\$, B\$. Rows include £/\$, £/DM, etc.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: July 21, Day's spread, One month, Three months, Six months, One year.

MONEY MARKETS

Trade figures this week to test sterling

STERLING FACES a further test of confidence this week with the release on Wednesday of June UK trade figures. Last week the pound put up a creditable performance, absorbing a higher than expected increase in money supply and bank lending, but gaining solace from a sharp fall in retail sales.

Despite the authorities' success in pushing three-month inter-bank money back up to around the 14 per cent level, from a low last week of 13 1/2 per cent, corresponding prices in the futures market show what some analysts regard as an over optimistic view.

For instance, the September contract on three-month deposits closed on Friday at 86.40, indicating a cash equivalent of 13 1/2 per cent. The cash rate currently stands at 13 1/2 per cent - meaning that interest rates are going to fall by 1/2 of a point in the next six weeks or the futures price is expensive.

FT LONDON INTERBANK FIXING

Table with columns: Bid, Offer, Bid, Offer. Rows include 1 month, 3 months, 6 months US Dollars.

MONEY RATES

Table with columns: July 21, One month, Three months, Six months, Lending rate.

LONDON MONEY RATES

Table with columns: July 21, Overnight, 7 days, One month, Three months, Six months, One year.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns: July 21, July 24, July 27, July 30. Rows include Bills on offer, Total application, etc.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table with columns: LONDON, NEW YORK, FRANKFURT, TOKYO, BRUSSELS, AMSTERDAM. Rows include Rate, Change, etc.

WORLD TRADE CENTER PARIS-LA DEFENSE. A unique concentration of expertise in the field of international trade. A full service center equipped to meet the needs of international companies.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, FRIDAY JULY 21 1989, THURSDAY JULY 20 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, etc.

Base values: Dec 31, 1988 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 136.65 (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local).

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CONSTITUTION CHANGES: Insert: (Participation Certificate) Adia, Forbo, Holderbank, Holzstoff, Mikron and Oerlikon-Buhrle (Switzerland); Deletions: Gateway (UK) (17/7/88), Alcatel (France) (19/7/88) and Newmans Group (New Zealand) (20/7/88). Name change: Novo Industri to Novo-Nordisk (Denmark) (21/7/89). Following restrictions on foreign ownership the market capitalisations of Pottjola and Sampo (Finland) have been reduced.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Jul 89, Aug 89, Sep 89, Oct 89, Nov 89, Dec 89. Rows include EDE Index C, EDE Index D, etc.

BASE LENDING RATES

Table with columns: Bank, Rate, City. Rows include ABN Bank, Adair & Company, Allied Arab Bank, etc.

LONDON RECENT ISSUES

Table with columns: Issue, Amount, Price, Yield, etc. Rows include ABN C, ABN D, ABN E, etc.

JOTTER PAD

JOTTER PAD. A grid for notes with columns for date, time, and content.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Price, Yield, etc. Rows include 1000, 1000, 1000, etc.

CROSSWORD

CROSSWORD No. 6,993 Set by PROTEUS. A crossword puzzle grid with clues for Across and Down.

سوق المال

WORLD STOCK MARKETS

FRANCE (continued)

Table of stock prices for France, including companies like Alcatel, Bouygues, and Elf. Columns include company name, price, and change.

GERMANY (continued)

Table of stock prices for Germany, including companies like Daimler-Benz, Volkswagen, and Siemens.

ITALY (continued)

Table of stock prices for Italy, including companies like IRI, Eni, and Fiat.

SWEDEN

Table of stock prices for Sweden, including companies like Volvo, Saab, and Ericsson.

CANADA

Table of stock prices for Canada, including companies like Alcan, Inco, and Northern Telecom.

NETHERLANDS

Table of stock prices for the Netherlands, including companies like Shell, Unilever, and Philips.

NETHERLANDS (continued)

Continuation of stock prices for the Netherlands.

NETHERLANDS (continued)

Continuation of stock prices for the Netherlands.

NETHERLANDS (continued)

Continuation of stock prices for the Netherlands.

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NETHERLANDS (continued)

Continuation of stock prices for the Netherlands.

NETHERLANDS (continued)

Continuation of stock prices for the Netherlands.

TORONTO

Closing prices July 21

Table of closing prices for Toronto stocks, including Alcan, Inco, and Northern Telecom.

CANADA

Closing prices July 21

Table of closing prices for Canadian stocks, including Alcan, Inco, and Northern Telecom.

MONTREAL

Closing prices July 21

Table of closing prices for Montreal stocks, including Alcan, Inco, and Northern Telecom.

NEW YORK

DOW JONES

Table of Dow Jones index data for New York, including high, low, and change.

INDICES

July 21 20 19 18

Table of various stock indices, including S&P 500, Nikkei, and others.

NEW YORK

DOW JONES

Table of Dow Jones index data for New York, including high, low, and change.

CANADA

July 21 20 19 18

Table of Canadian stock indices, including S&P 500, Nikkei, and others.

NEW YORK ACTIVE STOCKS

Friday

Table of active stock prices in New York, including high, low, and change.

TOKYO

Most Active Stocks

Table of most active stocks in Tokyo, including high, low, and change.

HONG KONG

Friday July 21 1989

Table of stock prices in Hong Kong, including high, low, and change.

AMERICAL

High Low July 21

Table of American stock prices, including high, low, and change.

AMERICAL

High Low July 21

Table of American stock prices, including high, low, and change.

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AMERICAL

High Low July 21

Table of American stock prices, including high, low, and change.

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AMERICAL COMPOSITE PRICES. 4pm prices July 21. Table of composite prices for various American stocks, including high, low, and change.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4pm prices July 21

Main table containing stock prices for various companies, organized in columns with headers for stock symbols, prices, and changes.

Microwave Ovens Easy to use Reasonable to buy... SAMSUNG Electronics

NYSE COMPOSITE PRICES

OVER-THE-COUNTER

Nasdaq national market, 4pm prices July 21

Main table of NYSE Composite Prices with columns for 12 Month High/Low, Stock, Div. Yld, P/E, 52 Week High/Low, Close, and Change.

Table of Over-the-Counter prices with columns for Stock, Div, Yld, P/E, 52 Week High/Low, Close, and Change.

Notes explaining the data in the tables, including definitions for 52-week high/low and P/E ratios.

Advertisement for FT Hand-Delivery available in North America, including a toll-free number and service availability.

Advertisement for 'Your FT hand delivered in Norway' featuring William Ungeheuer, Time magazine's senior financial correspondent.

Advertisement for 'It's attention to detail' regarding the Financial Times newspaper.

The Business Column

The deadly mirage of convergent technology

The past decade has sprung many surprises on American Telephone and Telegraph's shareholders. But even they must be rubbing their eyes at the company's recent decision to become the second largest shareholder in a sprawling European business empire which spans automotive parts, publishing, fashion and financial services.

The deal results from the exchange of AT&T's 22 per cent stake in Olivetti, the Italian computer maker, for 15 per cent of CIR, the industrial holding company controlled by Mr Carlo de Benedetti, Olivetti's largest shareholder. Yet, implausible as AT&T's investment in CIR may seem, it is hardly any odder than the logic which led it to link up with Olivetti six years ago.

As both companies must now have realised, they were chasing a mirage. They were not alone; it also enthralled, perplexed - and ultimately disappointed - many other electronics companies.

The mirage was called "convergence". It grew out of the perfectly correct observation that, thanks to the microchip, the basic technologies used in data processing and telecommunications were fast becoming identical. Hence, the two businesses appeared set to merge into a single information industry, which would amalgamate both disciplines.

The consequence was a bout of frenzied industrial restructuring, as manufacturers such as Canada's Northern Telecom, Sweden's L M Ericsson and Britain's STC stamped to buy computer and office automation firms, while IIT of the US flirted successively with computer groups Burroughs, Sperry and Wang, IBM, for its part, spent a small fortune on a grandiose satellite project and purchased Bolm, then the leading US maker of private telephone exchanges.

When almost everything goes wrong

In the event, the vast majority of such deals proved abortive and have since been dissolved amid much red ink. AT&T is today no nearer to being a big league player in computers than is IBM in telecommunications. If STC's alliance with ICL has survived, it is probably only because little effort was made to integrate the two businesses.

What went wrong? The short answer is almost everything. Hastily assembled business strategies were superimposed on clumsy attempts to ram together incompatible corporate styles. Some acquired firms turned out to be duds. At others, experienced managers left in frustration, while the exciting new markets which were supposed to grow out of convergence obstinately failed to materialise.

But the cardinal error of "convergence" enthusiasts was nativity. Dazzled by the quicksilver advance of microelectronics, they assumed that it was the great leveller which would carry all else before it. What they forgot was that technology does not exist in a vacuum but is itself shaped by, as well as shaping, the complexities of its economic and industrial environment. Indeed, apart from technology, the computer and telecommunications industries have remarkably little in common, having developed historically along quite separate paths. One was weaned on open competition, the other on rigid regulation and monopoly practice. Each has its own specialised engineering skills and marketing techniques, and obeys distinctive product cycles and customer demands. Above all, it was the problem of bridging these differences in business culture which derailed the "convergence" locomotive.

These lessons have been painfully learned by the two industries. But have others absorbed them? In the past year, West Germany's Daimler-Benz and British Aerospace have separately trumpeted convergent technologies as a reason for diversifying, respectively, into aviation and vehicle manufacturing.

Their arguments remain to be proven, and it would be wise to regard any technological synergies as a bonus, not as a fundamental rationale for acquisition. Being blinded by science may be exhilarating, but it rarely makes for a sound business proposition.

Guy de Jonquieres

A new era is dawning at Heineken as the famous Dutch brewery's chairman, Mr Freddy Heineken, passes the sceptre. But the 66-year-old executive is keeping the crown.

Mr Heineken - grandson of the founder, Gerard Adriaan Heineken - has used advertising to shape an image of premium quality beer around the world. Clever marketing and careful packaging have yielded potent profit margins and dominant market shares.

Mr Heineken's flair has been the driving force behind the company's steady climb to its present status as a global brand. It is the third largest brewer in the world, behind Anheuser Busch and Miller of the US, claiming 4.2 per cent of the world market.

In April Mr Heineken, who controls the company through a complex holding structure and powerful board positions, gave up one of those positions as board chairman. After 18 years at the helm he passed it to Gerard van Schaik, a 30-year Heineken veteran and close associate.

Questions now arise over whether the company can continue its record of steady growth, good margins, innovative product development and strategic geographical expansion without the intuitive Mr Heineken. "This is absolutely not a turning point," Mr Heineken protested. "It is a continuation of what my grandfather and father have done. He is optimistic about growth potential and eschews talk of saturated markets. 'Why can't we get to 8 per cent of the world market?'" he asks.

Yet he admits that he is unsure whether a manager's feeling toward an enterprise is the same if he does not own it. He says he suffers a slight change each time he sees a customer take another brand off the shelf. "There is a visceral link to the product," he explains. "You have to be totally involved, a bit mad."

Control of the company will stay in family hands for the foreseeable future, with Mr Heineken retaining a slight controlling stake to his daughter. He will continue to exert influence in an least two ways.

One is his ownership of a slight majority in the holding company which in turn owns 50.005 per cent of Heineken. The other way is through powerful board positions in both companies. He remains chairman of Heineken Holding's supervisory council and a "delegated" member, meaning closer contact with management than ordinary members

and certain veto rights. Mr Heineken says he will pay special attention to overall corporate strategy, management appointments and financial structure. Mr van Schaik, whose office is just down the street, will steer product development, geographical expansion and company finances on a daily basis. In a sense little will change. Mr Heineken has always concentrated on broad policy while leaving details to others.

Heineken's growth has slowed significantly after profit and sales doubled between 1979 and 1985. Important markets such as the Netherlands and US are showing signs of saturation and recent acquisitions are still consuming money.

Fresh share capital, however, could jeopardise Mr Heineken's control. For that reason the equity market has not been tapped since 1959 when the company was initially floated. Mr Heineken is a bit sorry his father ever took the business public. "If Papa hadn't done it I wouldn't

have," he admits. "Stockholders want to know the outlook but we do not have an order book."

Mr Heineken is the third generation of a beer dynasty but he still sees himself as something of a self-made man. "I inherited only a small percentage along with a lot of debts," he explains, the rest of his shares were bought on the stock exchange.

Securities analysts accuse the company of arrogance towards shareholders because of sparse and superficial financial reporting. "The cavalier attitude does affect the (share) price," claimed one analyst. "It would (otherwise) be higher."

Mr Heineken retorts: "We know what we're doing. This is the way the company is run, with a healthy balance sheet and steady profits. People can sell if they don't like it. This is not gambling but a long-term investment."

Heineken - a clear, light lager - is the flagship, followed by Amstel and other brands brewed locally. Beer accounts for 80 per cent of revenue. The rest of sales come from spirits, which have been spun off into a joint venture with Bols, a Dutch distiller, and soft drinks and fruit juices.

The company can trace its roots back to 1582 when a brewery called the Haystack was founded. In 1864, beset by financial difficulties, it was bought by Mr Heineken's grandfather.

He brewed his lager with a revolutionary process developed in Pilsen using a virtue yeast from a student of Louis Pasteur (the same yeast strain is still used today). The lager was so tasty that within 11 years it won an international prize in Paris.

A mixture of taste and flair

Laura Raun speaks to Freddy Heineken, whose family controls the Dutch brewery

PERSONAL FILE
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his and sales doubled between 1979 and 1985. Important markets such as the Netherlands and US are showing signs of saturation and recent acquisitions are still consuming money.

Fresh share capital, however, could jeopardise Mr Heineken's control. For that reason the equity market has not been tapped since 1959 when the company was initially floated. Mr Heineken is a bit sorry his father ever took the business public. "If Papa hadn't done it I wouldn't



JUSTINIAN

modern societies the independence of the judiciary from business or corporate interests also needs to be secured. Judges should be free not only from both governmental and political pressure and political entanglements, but also be distanced from the enterprise culture.

Interference with the judiciary is always likely to have its impact on the other aspects of independence - that is the sense of independence of individual judges. This is composed of two essential elements: first, that in the making of judicial decisions judges are obedient to the law and to no other authority but the law; and second, that their tenure of office is adequately secured. Security of tenure is unaffected by the law and applying it consistently. The independence of judges is not so vitally engaged where the state or public authority is the bystander and merely the provider of the institutions in which the citizenry can fight out its legal battles in a civilised manner.

The Lord Chancellor's proposals do not address the quality of service in the sense of responding to the social demand of justice for all. State aided legal advice and assistance may itself be assisted by the improved professional structure. But the scheme of legal aid is overdue for a similarly radical appraisal. If the Lord Chancellor puts that appraisal in hand soon the constipated legal profession will then have achieved the Lord Chancellor's objective of perfecting the services provided for all consumers.



'You have to be totally involved, a bit mad'

By the end of the 19th century Heineken was exported to France and the Dutch East Indies. The Dutch brew was the first foreign beer allowed into the US in 1933 when Prohibition ended. Over the years the company bought out a half dozen competitors.

In guilders or dollars, Mr Heineken is a billionaire. His stake in Heineken Holding is worth around £1.6bn (\$450m) and he earns a salary that is presumably commensurate with his posts. In the past he had a reputation as a *bon vivant*, but in 1983 he was kidnapped along with his chauffeur as they left his office in Amsterdam. They were held for three weeks before being released unharmed for an £11m ransom, of which about £1m was recovered. Thereafter Mr Heineken became something of a recluse but is now emerging from his shell.

Mr Heineken joined the family business at the age of 18. He later worked for the company in the US where he was impressed by Madison Avenue advertising. He also met his future wife, the daughter of a Kentucky bourbon distiller. He has relied on his intuition

rather than financial ratios to guide the business. He eschews talk of profit margins, debt-to-equity ratios and market shares and prefers to look at the overall picture.

Known for his imaginative use of advertising, he often took a direct hand in ad campaigns. Advertisements range from understatement ("When you make a great beer, you don't have to make a great fuss") to oddball humour ("Heineken refreshes the parts other beers cannot reach"). Mr Heineken insists that most of the creative ideas belonged to others and that his success was in picking out the good ones.

Now the company's biggest challenge is serving up more growth. Analysts see little prospect of much acceleration before next year, noting high investment, cashflow pressures and lost market share.

Since 1986 earnings have edged up only 1 per cent a year while revenue has risen a modest 4.5 per cent a year. Earnings are expected to rise about 8 per cent this year.

In the stagnant Dutch market Heineken's share has steadily shrunk from a high of 58 per cent in 1980. But it

rebounded last month with the acquisition of a small brewery in the south of the country. In the US, where profit margins are biggest, Heineken's share of imports has shrivelled to 25 per cent from nearly twice that in the late 1970s. The stiffest competition is from Mexico's Corona beer.

In the early 1980s Heineken began pouring money into southern Europe as taste-buds there turned from wine to beer. It spent millions of guilders on rationalising and modernising local breweries and building market position. Sogebra in France and El Aguila in Spain are now in the black in line with company expectations, according to Mr Heineken. Securities analysts believe operating profits are small, however.

In general, analysts note that drinkers may be imbibing less but are sipping higher quality, more expensive brands. This "less but better" trend plays to Heineken's strengths. Recently it has introduced new low-calorie, low-alcohol and premium beers. Mr Heineken brushes aside worries about saturated markets and tepid prospects

saying that: "People haven't changed much in 6,000 years." He believes there is still plenty of room for organic growth in traditionally wine-drinking countries, emerging economies and among women drinkers. The company is looking constantly for attractive acquisitions in promising markets such as Indonesia, eastern Europe and Turkey, he added. Heineken has yet to enter Germany since the relaxation of the *Rheinheitsgebot* (purity laws). With the thirstiest beer drinkers in the world, Germany is being "cautiously studied."

But the company sees no reason to buy pubs in the UK amid the brewing industry's ferment. "Our money can be more profitably spent than on real estate," explains Mr Heineken. The company is big enough to survive alone, he insists, and has no plans to merge.

Unlike most Dutch companies Heineken has no anti-takeover defences. Mr Heineken's control would appear to be sufficient. "If anyone wants to take over the Heineken firm they will have to get rid of me first," he says.

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24th July, 1989

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